

**DOCKETS UE-121697/UG-121705 (consolidated)**  
**DOCKETS UE-130137/UG-130138 (consolidated)**  
**ORDER 15/14**

**PAGE 2**

**TABLE 2**

		<b>MORIN</b>	<b>HILL</b>	<b>PARCELL</b>	<b>GORMAN</b>
<b>MODEL</b>	<b>VARIATION</b>				
DCF	Constant Growth Value Line	9.80		9.10-9.70 9.40	
	Constant Growth Consensus Analysts	10.00	8.33		9.30
	Sustainable Growth		8.69		8.40
	Multi-Stage				9.00
CAPM	Traditional	9.80	7.42	6.50-6.80 6.70	8.40
	Empirical	10.30			
RP	Allowed	10.70			9.30
	Historical	9.80			
CE				9.00-10.00	
MTB			8.21-8.45		
MEPR			8.63-8.73		
<b>OVERALL RANGE</b>		9.8-10.70	7.42-8.73	6.50-10.00	8.40-9.30
<b>RANGE WITNESS SELECTS AS “REASONABLE”</b>		9.8-10.70	8.50-9.50	9.00-10.00	8.40-9.30
<b>RECOMMENDATION</b>		<i>See infra</i> ¶ 121	9.00	9.50	9.30

1 Dr. Morin identifies what he considers to be a range of reasonable returns, 9.8 percent to 10.70 percent, but does not make a point value recommendation within this range. This is explained by Mr. Doyle, PSE’s Chief Financial Officer, who testifies for the Company that:

The evidence from the first half of 2013 supports a higher cost of capital than what PSE agreed to in the 2013 proceeding. The evidence supports (i) an ROE in excess of 9.8 percent and (ii) a capital structure including an equity ratio and a long-term debt ratio both in excess of 48 percent.

Despite this evidence justifying a higher cost of capital, PSE is committed to the terms it proposed to the Commission in its 2013

**COMPARISON OF COST OF EQUITY MODEL FINDINGS OF PUGET SOUND ENERGY  
WITNESS ROGER A. MORIN IN DOCKET NOS. UE-121698/UG-121705 AND  
UE-170033/UG-170034**

<b>Model</b>	<b>Variation</b>	<b>UE-121698/ UG-121705 1/</b>	<b>UE-170033/ UG-170034 2/</b>	<b>Change</b>
<b>DCF</b>				
	Constant Growth Value Line	9.80%	9.80%	0.00%
	Constant Growth Consensus Analysts	10.00%	9.40%	-0.60%
<b>CAPM</b>				
	Traditional	9.8%	9.3%	-0.5%
	Empirical	10.3%	9.8%	-0.5%
<b>RP</b>				
	Allowed	10.7%	10.7%	0.0%
	Historical	9.8%	10.5%	0.7%
<b>Average</b>		10.1%	9.9%	-0.2%
<b>Median</b>		9.9%	9.8%	-0.1%
<b>Range</b>		9.8% - 10.7%	9.3% - 10.7%	-.5% - 0%

1/ WUTC Order 15, Final Order on Remand

2/ Prefiled Direct Testimony of Dr. Roger Morin, page 55, Table 6.