

Exhibit No. KGS-14
Docket UE-15____
Witness: Kurt G. Strunk

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT
COMPANY,

Petition For a Rate Increase Based on a Modified
Commission Basis Report, Two-Year Rate Plan,
and Decoupling Mechanism.

Docket UE-15____

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF KURT G. STRUNK

CAPM Results

November 2015

Pacific Power & Light Company
Proxy Group
Capital Asset Pricing Model (CAPM)

No. Company	(a)	Ticker (b)	30-Year T-Bond Return (Rf) ¹ (c)	Beta Value Line ² (d)	Forward Looking Market Risk Premium		CAPM Cost of Equity Based on Forward Looking Market Risk Premium (f) = (c) + (d)*(e)
					Top-Down DCF - 30 Yr T- Bond Return ^{3,4} (e)		
Electric Proxy Group							
1	Ameren Corporation	AEE	3.09%	0.75	8.24%	9.27%	
2	American Electric Power Company, Inc.	AEP	3.09%	0.70	8.24%	8.86%	
3	Avista Corporation	AVA	3.09%	0.80	8.24%	9.68%	
4	CenterPoint Energy, Inc.	CNP	3.09%	0.80	8.24%	9.68%	
5	Consolidated Edison, Inc.	ED	3.09%	0.60	8.24%	8.03%	
6	Dominion Resources, Inc.	D	3.09%	0.70	8.24%	8.86%	
7	DTE Energy Company	DTE	3.09%	0.75	8.24%	9.27%	
8	Edison International	EIX	3.09%	0.70	8.24%	8.86%	
9	El Paso Electric Company	EE	3.09%	0.75	8.24%	9.27%	
10	Eversource Energy	ES	3.09%	0.75	8.24%	9.27%	
11	Great Plains Energy Incorporated	GXP	3.09%	0.85	8.24%	10.09%	
12	IDACORP, Inc.	IDA	3.09%	0.80	8.24%	9.68%	
13	NorthWestern Corporation	NWE	3.09%	0.70	8.24%	8.86%	
14	OGE Energy Corp.	OGE	3.09%	0.90	8.24%	10.51%	
15	Pinnacle West Capital Corporation	PNW	3.09%	0.75	8.24%	9.27%	
16	Portland General Electric Company	POR	3.09%	0.80	8.24%	9.68%	
17	Public Service Enterprise Group Incorporated	PEG	3.09%	0.75	8.24%	9.27%	
18	SCANA Corporation	SCG	3.09%	0.75	8.24%	9.27%	
19	Sempra Energy	SRE	3.09%	0.80	8.24%	9.68%	
20	The Empire District Electric Company	EDE	3.09%	0.70	8.24%	8.86%	
21	Vectren Corporation	VVC	3.09%	0.80	8.24%	9.68%	
22	Westar Energy, Inc.	WR	3.09%	0.75	8.24%	9.27%	
23	Xcel Energy Inc.	XEL	3.09%	0.65	8.24%	8.45%	
Average				0.75		9.29%	

Notes:

¹ Source: Federal Reserve, Constant Maturity 30-year Treasury Yield, November 12, 2015.

² Source: *The Value Line Investment Survey: Sept. 18, 2015, Oct. 30, 2015, Nov. 20, 2015.*

³ The formula used is Risk Premium = $[\text{Do} * (1+g)] + g$ - Rf. See Exhibit No. KGS-13.

⁴ Source: Bloomberg, S&P 12 month dividend yield; Analyst estimated CAGR of the operating EPS over the index's next 3-5 years, November 12, 2015.