## **Puget Sound Energy**

Risk Premium Analysis

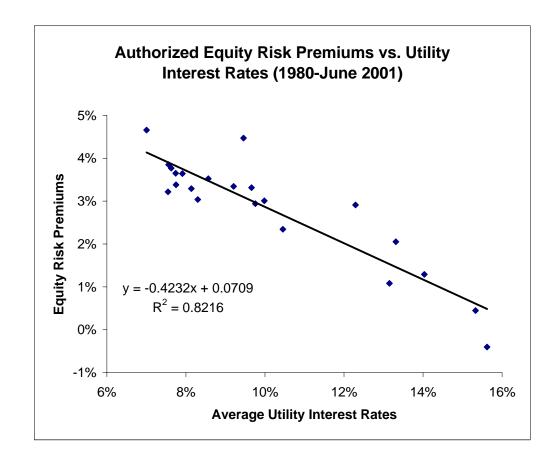
PU	AVERAGE BLIC UTIL YIELD (1)	AUTHORIZED ELECTRIC RETURNS (2)	INDICATED RISK PREMIUM
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997	13.15% 15.62% 15.33% 13.31% 14.03% 12.29% 9.46% 9.98% 10.45% 9.66% 9.76% 9.21% 8.57% 7.56% 8.30% 7.91% 7.74% 7.63%	14.23% 15.22% 15.78% 15.36% 15.32% 15.20% 13.93% 12.99% 12.79% 12.79% 12.70% 12.55% 12.09% 11.41% 11.34% 11.55% 11.39%	1.08% -0.40% 0.45% 2.05% 1.29% 2.91% 4.47% 3.01% 2.34% 3.31% 2.94% 3.34% 3.52% 3.85% 3.04% 3.64% 3.65% 3.77%
1998 1999 2000 Thru 6/01 AVERAGES	7.00% 7.55% 8.14% 7.75% 10.02%	11.40% 11.66% 10.77% 11.43% 	4.66% 3.22% 3.29% 3.38% 2.86%
INDICATED COST OF EQUITY CURRENT AVG UTILITY BOND YIELD AVG ANNUAL YIELD DURING STUDY INTEREST RATE DIFFERENCE INTEREST RATE CHANGE COEFFICIENT			7.65% 10.02% -2.37%
ADUSTMENT TO AVG RISK PREMIUM  BASIC RISK PREMIUM  INTEREST RATE ADJUSTMENT  EQUITY RISK PREMIUM			2.86% 1.00% 2.86% 3.86%
CURRENT TRIPLE-B UTILITY BOND YIELD INDICATED EQUITY RETURN			8.03% 11.9%

## Sources:

- (1) Moody's Investors Service
- (2) Regulatory Focus, Regulatory Research Associates, Inc.

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