

Exhibit No. KGS-10
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

Sustainable Growth Inputs

November 2015

Pacific Power & Light Company
Proxy Group
BR+SV

Company	Ticker	R ¹		V _e		V		R _{av} ²		B ³	B*R ⁴	S*V ⁵	B*R+S*V
		Estimated Return on Common Equity	2018-2020	Estimated Dividend per Share	2018-2020	Estimated Book Value/Share	2015	2016	Return on Average Equity				
Electric Proxy Group													
1 Ameren Corporation	AEE	10.5%	\$1.95	\$34.00	\$28.65	\$29.70	10.7%	0.45	4.9%	0.1%	4.91%		
2 American Electric Power Company, Inc.	AEP	10.0%	\$2.65	\$42.00	\$35.85	\$37.30	10.2%	0.37	3.8%	0.2%	3.93%		
3 Avista Corporation	AVA	9.0%	\$1.55	\$27.00	\$24.40	\$24.95	9.1%	0.36	3.3%	0.5%	3.78%		
4 CenterPoint Energy, Inc.	CNP	11.5%	\$1.15	\$11.75	\$10.65	\$10.80	11.6%	0.15	1.7%	0.1%	1.83%		
5 Consolidated Edison, Inc.	ED	9.0%	\$2.90	\$50.50	\$44.30	\$45.75	9.1%	0.36	3.3%	0.0%	3.34%		
6 Dominion Resources, Inc.	D	17.5%	\$3.50	\$27.75	\$21.65	\$24.10	18.4%	0.28	5.1%	0.4%	5.51%		
7 DTE Energy Company	DTE	10.0%	\$3.50	\$58.50	\$49.05	\$51.40	10.2%	0.40	4.1%	0.4%	4.56%		
8 Edison International	EIX	11.5%	\$2.45	\$46.00	\$36.20	\$38.55	11.9%	0.54	6.4%	0.0%	6.37%		
9 El Paso Electric Company	EE	9.5%	\$1.40	\$29.50	\$25.10	\$26.00	9.7%	0.50	4.8%	-0.3%	4.50%		
10 Eversource Energy	ES	9.5%	\$2.10	\$38.00	\$32.55	\$33.75	9.7%	0.42	4.0%	5.5%	9.54%		
11 Great Plains Energy Incorporated	GXP	7.5%	\$1.20	\$26.75	\$23.65	\$24.35	7.6%	0.40	3.1%	0.3%	3.33%		
12 IDACORP, Inc.	IDA	8.5%	\$2.45	\$47.05	\$40.70	\$42.60	8.7%	0.39	3.4%	0.1%	3.50%		
13 NorthWestern Corporation	NWE	10.0%	\$2.25	\$38.25	\$33.20	\$34.30	10.2%	0.41	4.2%	2.3%	6.46%		
14 OGE Energy Corp.	OGE	11.5%	\$1.55	\$20.25	\$17.00	\$17.80	11.8%	0.33	3.9%	0.2%	4.10%		
15 Pinnacle West Capital Corporation	PNW	10.0%	\$2.95	\$47.25	\$40.95	\$42.35	10.2%	0.38	3.8%	0.1%	3.96%		
16 Portland General Electric Company	POR	9.5%	\$1.50	\$30.25	\$25.50	\$26.60	9.7%	0.48	4.6%	1.0%	5.60%		
17 Public Service Enterprise Group Incorporated	PEG	11.0%	\$1.90	\$31.50	\$25.70	\$27.00	11.3%	0.45	5.1%	0.0%	5.09%		
18 SCANA Corporation	SCG	10.0%	\$2.50	\$46.50	\$38.10	\$39.85	10.2%	0.46	4.7%	0.8%	5.56%		
19 Sempra Energy	SRE	12.5%	\$3.60	\$59.50	\$48.05	\$50.10	12.8%	0.52	6.6%	0.3%	6.88%		
20 The Empire District Electric Company	EDE	9.0%	\$1.20	\$20.25	\$18.20	\$18.70	9.1%	0.34	3.1%	0.2%	3.30%		
21 Vectren Corporation	VVC	15.0%	\$1.80	\$21.85	\$20.50	\$20.85	15.1%	0.45	6.8%	0.2%	6.98%		
22 Westar Energy, Inc.	WR	9.5%	\$1.65	\$29.25	\$25.60	\$26.35	9.6%	0.41	3.9%	1.1%	5.06%		
23 Xcel Energy Inc.	XEL	10.0%	\$1.60	\$24.25	\$20.90	\$21.75	10.2%	0.34	3.5%	0.4%	3.89%		
Average		10.52%	\$2.14	\$35.13	\$29.85	\$31.08	10.74%	0.40	4.27%	0.60%	4.87%		

Notes:

¹ Estimated future return on common equity, dividends per share, and book value per share as reported in *The Value Line Investment Survey: Sept. 18, 2015, Oct. 30, 2015, Nov. 20, 2015*.
² $R_{av} = R * [(2 * V_{16}) / (V_{15} + V_{16})]$. This formula transforms the end-of-year projected *Value Line* return on equity into a mid-year return on equity.

³ $B = 1 - (De / (R * V_e))$.

⁴ $B * R = B * Rav$.

⁵ $S * V$ equals the five year average of S , multiplied by current V , where S = annual growth rate of common shares outstanding and V = fraction of new funds provided that accrues to original shareholders.

Pacific Power & Light Company
Proxy Group
S and V Estimation

Company	Ticker	Growth Rate of Common Shares Outstanding (S) ¹										2012 Book Value per Share ³ (g)	Adjusted Stock Price ⁴ (h)	V ⁵ (i) = 1 - (g)/(h)	S*V (j) = (f)*(i)	
		2011 (a)	2012 (b)	2013 (c)	2014 (d)	2015 (e)	Average S ² (f)									
Electric Proxy Group																
1 Ameren Corporation	AEE	0.92%	0.01%	0.00%	0.00%	0.01%	0.19%	\$28.65	\$43.20	33.69%	0.063%					
2 American Electric Power Company, Inc.	AEP	0.54%	0.47%	0.43%	0.33%	0.53%	0.46%	\$35.85	\$55.28	35.15%	0.162%					
3 Avista Corporation	AVA	2.28%	2.38%	0.45%	3.60%	0.26%	1.79%	\$24.40	\$33.43	27.01%	0.484%					
4 CenterPoint Energy, Inc.	CNP	0.31%	0.33%	0.36%	0.00%	0.47%	0.30%	\$10.65	\$16.90	37.00%	0.109%					
5 Consolidated Edison, Inc.	ED	0.44%	-0.01%	0.00%	0.00%	0.04%	0.09%	\$44.30	\$62.57	29.20%	0.028%					
6 Dominion Resources, Inc.	D	-1.91%	1.12%	0.94%	0.65%	1.83%	0.53%	\$21.65	\$67.35	67.85%	0.357%					
7 DTE Energy Company	DTE	-0.11%	1.83%	2.75%	-0.06%	1.42%	1.17%	\$49.05	\$79.58	38.36%	0.448%					
8 Edison International	EIX	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	\$36.20	\$59.84	39.51%	0.000%					
9 El Paso Electric Company	EE	-6.13%	0.38%	0.40%	0.22%	0.35%	-0.96%	\$25.10	\$39.09	35.78%	-0.343%					
10 Eversource Energy	ES	0.40%	77.27%	0.39%	0.54%	0.32%	15.78%	\$32.55	\$49.94	34.82%	5.496%					
11 Great Plains Energy Incorporated	GXP	0.32%	12.77%	0.22%	0.19%	0.22%	2.74%	\$23.65	\$26.28	10.00%	0.274%					
12 IDACORP, Inc.	IDA	1.09%	0.42%	0.14%	0.08%	0.06%	0.36%	\$40.70	\$65.84	38.18%	0.137%					
13 NorthWestern Corporation	NWE	0.14%	2.59%	4.11%	21.06%	2.86%	6.15%	\$33.20	\$52.70	37.00%	2.276%					
14 OGE Energy Corp.	OGE	0.51%	0.71%	0.46%	0.45%	0.30%	0.49%	\$17.00	\$26.00	34.62%	0.169%					
15 Pinnacle West Capital Corporation	PNW	0.44%	0.45%	0.40%	0.35%	0.39%	0.41%	\$40.95	\$61.98	33.93%	0.138%					
16 Portland General Electric Company	POR	0.05%	0.27%	3.35%	0.18%	13.64%	3.50%	\$25.50	\$35.18	27.52%	0.962%					
17 Public Service Enterprise Group Incorporated	PEG	0.00%	-0.01%	-0.01%	0.00%	0.03%	0.00%	\$25.70	\$38.68	33.56%	0.000%					
18 SCANA Corporation	SCG	1.91%	1.64%	6.81%	1.21%	0.21%	2.35%	\$38.10	\$58.96	35.38%	0.833%					
19 Sempra Energy	SRE	-0.22%	1.02%	0.86%	0.76%	0.47%	0.58%	\$48.05	\$99.11	51.52%	0.299%					
20 The Empire District Electric Company	EDE	0.96%	1.19%	1.32%	1.02%	1.20%	1.14%	\$18.20	\$21.75	16.32%	0.186%					
21 Vectren Corporation	VVC	0.24%	0.37%	0.24%	0.24%	0.48%	0.32%	\$20.50	\$41.32	50.39%	0.159%					
22 Westar Energy, Inc.	WR	12.10%	0.64%	1.38%	2.68%	-1.28%	3.10%	\$25.60	\$40.53	36.84%	1.144%					
23 Xcel Energy Inc.	XEL	0.86%	0.30%	2.05%	1.56%	0.45%	1.04%	\$20.90	\$35.10	40.46%	0.423%					
Total		0.66%	4.61%	1.18%	1.53%	1.05%	1.81%	\$29.85	\$48.29	35.83%	0.60%					

Notes:

- Source: The Value Line Investment Survey: Sept. 18, 2015, Oct. 30, 2015, Nov. 20, 2015.
- Average common shares outstanding growth rate for 2008-2012.
- Source: The Value Line Investment Survey: Sept. 18, 2015, Oct. 30, 2015, Nov. 20, 2015.
- Source: FactSet Research Systems, November 18, 2015.
- V is the adjusted stock price relative to the book value. 1- (Book Value per Share/Adjusted Stock Price).