

Exhibit No. KGS-11
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

DCF Analysis

November 2015

Pacific Power & Light Company
Proxy Groups
DCF Analysis

Company	Ticker	Thomson Reuters ¹ Growth Rate ("g")	BR+SV ⁵	Dividend Yield ¹	Adjusted Dividend Yield ²	Return on Equity ^{3,6}
(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Thomson Reuters Five Year Growth Rate	B*R+S*V	12 month Dividend Yield	$((c)+(d))/2+1$ * (e)	$((c)+(d))/2 + (f)$
Electric Proxy Group						
1 Ameren Corporation	AEE	6.35%	4.91%	3.91%	4.13%	9.76%
2 American Electric Power Company, Inc.	AEP	4.63%	3.93%	3.77%	3.93%	8.21%
3 Avista Corporation	AVA	5.00%	3.78%	3.96%	4.14%	8.53%
4 CenterPoint Energy, Inc.	CNP	0.47%	1.83%	4.85%	4.90%	7.26%
5 Consolidated Edison, Inc.	ED	2.72%	3.34%	4.10%	4.23%	9.19%
6 Dominion Resources, Inc.	D	5.41%	5.51%	3.54%	3.73%	8.37%
7 DTE Energy Company	DTE	4.94%	4.56%	3.46%	3.62%	9.01%
8 Edison International	EIX	-0.44%	6.37%	2.69%	2.77%	11.60%
9 El Paso Electric Company	EE	7.00%	4.50%	3.08%	3.26%	8.13%
10 Eversource Energy	ES	6.57%	9.54%	3.28%	3.55%	10.32%
11 Great Plains Energy Incorporated	GXP	5.23%	3.33%	3.69%	3.85%	8.54%
12 IDACORP, Inc.	IDA	4.00%	3.50%	3.08%	3.20%	8.10%
13 NorthWestern Corporation	NWE	6.81%	6.46%	3.45%	3.68%	7.16%
14 OGE Energy Corp.	OG	2.40%	4.10%	3.28%	3.39%	9.08%
15 Pinnacle West Capital Corporation	PNW	5.15%	3.96%	3.81%	3.99%	8.55%
16 Portland General Electric Company	POR	3.92%	5.60%	3.19%	3.34%	9.76%
17 Public Service Enterprise Group Incorporated	PEG	1.54%	5.09%	3.72%	3.84%	10.96%
18 SCANA Corporation	SCG	4.45%	5.56%	3.88%	4.07%	8.55%
19 Sempra Energy	SRE	9.35%	6.88%	2.63%	2.84%	9.76%
20 The Empire District Electric Company	EDE	5.00%	3.30%	4.22%	4.40%	8.17%
21 Vectren Corporation	VVC	5.00%	6.98%	3.56%	3.77%	8.08%
22 Westar Energy, Inc.	WR	3.50%	5.06%	3.73%	3.89%	
23 Xcel Energy Inc.	XEL	4.68%	3.89%	3.64%	3.79%	
Average						8.88%

Notes:

¹ Dividend yield calculated as (last 4 quarterly dividends) / (12 month average price), FactSet Research Systems, November 18, 2015.

² Adjusted Dividend Yield = Dividend Yield multiplied by (1 + g).

³ Return on Equity = Average Growth Rate + Adjusted Dividend Yield.

⁴ Source: Thomson Reuters 5 Year Growth Rate, Yahoo! Finance, accessed November 19, 2015

⁵ Source: Exhibit No. KGS-10.

⁶ The resulting ROE estimates for Centerpoint Energy, Edison International, IDACORP, Inc. and OGE Energy Corp. fall close to the estimated cost of debt. As such, they do not represent realistic cost of equity estimates and have been excluded from my measure of central tendency.