

Exhibit No. ____ (MPG-10)
Docket Nos. UE-060266/UG-060267
Witness: Michael P. Gorman

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-060266
Docket No. UG-060267**

EXHIBIT NO. ____ (MPG-10)

EQUITY RISK PREMIUM – TREASURY BOND

July 19, 2006

Puget Sound Energy

Equity Risk Premium - Treasury Bond

<u>Line</u>	<u>Date</u>	<u>Treasury Bond Yield¹</u> (1)	<u>Authorized Electric Returns²</u> (2)	<u>Indicated Risk Premium</u> (3)
1	1986	7.78%	13.93%	6.15%
2	1987	8.59%	12.99%	4.40%
3	1988	8.96%	12.79%	3.83%
4	1989	8.45%	12.97%	4.52%
5	1990	8.61%	12.70%	4.09%
6	1991	8.14%	12.55%	4.41%
7	1992	7.67%	12.09%	4.42%
8	1993	6.59%	11.41%	4.82%
9	1994	7.37%	11.34%	3.97%
10	1995	6.88%	11.55%	4.67%
11	1996	6.71%	11.39%	4.68%
12	1997	6.61%	11.40%	4.79%
13	1998	5.58%	11.66%	6.08%
14	1999	5.87%	10.77%	4.90%
15	2000	5.94%	11.43%	5.49%
16	2001	5.49%	11.09%	5.60%
17	2002	5.42%	11.16%	5.74%
18	2003	5.02%	10.97%	5.95%
19	2004	5.05%	10.73%	5.68%
20	2005	4.65%	10.54%	5.89%
21	Average	6.77%	11.77%	5.00%

Sources:

¹ Economic Report of the President, January, 2001 and the St. Louis Federal Reserve Bank Website.

² Regulatory Research Associates, Inc., Regulatory Focus, Jan.90-Dec.05.