

Exhibit No. ____ (MPG-15)
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-15)

CAPM RETURN ESTIMATE

July 19, 2006

Puget Sound Energy

CAPM Return Estimate

<u>Line</u>	<u>Description</u>	<u>Historical Premium (2)</u>
1	Risk Free Rate ¹	5.3%
2	Risk Premium ²	6.5%
3	Beta ³	0.80
4	CAPM	10.5%

<u>Line</u>	<u>Description</u>	<u>Prospective Premium (1)</u>
5	Risk Free Rate ¹	5.3%
6	Risk Premium ²	6.3%
7	Beta ³	0.80
8	CAPM	10.3%
9	CAPM Average	10.4%

Sources:

¹ Blue Chip Financial Forecasts; July 1, 2006 at 2.

² SBI; 2006 at pp. 31 & 120.

³ The Value Line Investment Survey; May 12, June 2, June 30, 2006.