

**BEFORE THE**  
**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	
	)	
Complainant,	)	
	)	
v.	)	DOCKET NOS. UE-140762 and
	)	UE-140617 ( <i>consolidated</i> )
PACIFICORP D/B/A PACIFIC POWER &	)	
LIGHT COMPANY,	)	
	)	
Respondent.	)	
_____	)	
	)	
In the Matter of the Petition of	)	
	)	
PACIFIC POWER & LIGHT	)	DOCKET NO. UE-131384
COMPANY,	)	( <i>consolidated</i> )
	)	
For an Order Approving Deferral of	)	
Costs Related to Colstrip Outage	)	
_____	)	
	)	
In the Matter of the Petition of	)	
	)	
PACIFIC POWER & LIGHT	)	DOCKET NO. UE-140094
COMPANY,	)	( <i>consolidated</i> )
	)	
For an Order Approving Deferral of	)	
Costs Related to Declining Hydro	)	
Generation	)	
_____	)	

**EXHIBIT NO.\_\_(MPG-14)**

**EQUITY RISK PREMIUM – TREASURY BOND**

**October 10, 2014**

# Pacific Power & Light Company

## Equity Risk Premium - Treasury Bond

<u>Line</u>	<u>Year</u>	<u>Authorized Electric Returns<sup>1</sup></u> (1)	<u>Treasury Bond Yield<sup>2</sup></u> (2)	<u>Indicated Risk Premium</u> (3)
1	1986	13.93%	7.80%	6.13%
2	1987	12.99%	8.58%	4.41%
3	1988	12.79%	8.96%	3.83%
4	1989	12.97%	8.45%	4.52%
5	1990	12.70%	8.61%	4.09%
6	1991	12.55%	8.14%	4.41%
7	1992	12.09%	7.67%	4.42%
8	1993	11.41%	6.60%	4.81%
9	1994	11.34%	7.37%	3.97%
10	1995	11.55%	6.88%	4.67%
11	1996	11.39%	6.70%	4.69%
12	1997	11.40%	6.61%	4.79%
13	1998	11.66%	5.58%	6.08%
14	1999	10.77%	5.87%	4.90%
15	2000	11.43%	5.94%	5.49%
16	2001	11.09%	5.49%	5.60%
17	2002	11.16%	5.43%	5.73%
18	2003	10.97%	4.96%	6.01%
19	2004	10.75%	5.05%	5.70%
20	2005	10.54%	4.65%	5.89%
21	2006	10.36%	4.99%	5.37%
22	2007	10.36%	4.83%	5.53%
23	2008	10.46%	4.28%	6.18%
24	2009	10.48%	4.07%	6.41%
25	2010	10.24%	4.25%	5.99%
26	2011	10.07%	3.91%	6.16%
27	2012	10.01%	2.92%	7.09%
28	2013	9.79%	3.45%	6.34%
29	2014 <sup>3</sup>	9.72%	3.56%	6.16%
30	<b>Average</b>	<b>11.27%</b>	<b>5.92%</b>	<b>5.36%</b>

Sources:

<sup>1</sup> Regulatory Research Associates, Inc., *Regulatory Focus*, Jan. 1985 - Dec. 1996, and July 10, 2014, excluding the Virginia cases, which are subject to an adjustment for certain generation assets up to 200 basis points.

<sup>2</sup> St. Louis Federal Reserve: Economic Research, <http://research.stlouisfed.org/>. The yields from 2002 to 2005 represent the 20-Year Treasury yields obtained from the Federal Reserve Bank.

<sup>3</sup> The data includes the period Jan - Jun 2014.