

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**PACIFIC POWER & LIGHT
COMPANY,**

Respondent.

**DOCKETS UE-140762 and UE-140617
(consolidated)**

In the Matter of the Petition of

**PACIFIC POWER & LIGHT
COMPANY,**

**For an Order Approving Deferral of
Costs Related to Colstrip Outage.**

DOCKET UE-131384 (consolidated)

In the Matter of the Petition of

**PACIFIC POWER & LIGHT
COMPANY,**

**For an Order Approving Deferral of
Costs Related to Declining Hydro
Generation.**

DOCKET UE-140094 (consolidated)

PACIFIC POWER & LIGHT COMPANY

REDACTED EXHIBIT OF KURT G. STRUNK

Confidential Use of Pension Yields as Benchmark for Utility ROE

November 2014

Pacific Power & Light Company
Use of Pension Yields as Benchmark for Utility ROE

Market Return¹	Risk Free Rate²	Equity Risk Premium	Utility Beta³	Estimated Utility Return
[1]	[2]	[3] = [1] - [2]	[4]	[5] = [2] + [4]*[3]
	3.09%		0.73	

¹ Source: Attach PC12 Confident

² Source: NERA Proxy Group Beta (see Exhibit KGS-30)

³ Source: Federal Reserve, Constant Maturity 30-year Treasury Yield, 6 November 2014.