

**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

EXHIBIT OF KURT G. STRUNK

Updated Summary of Cost of Equity Estimates

November 2014

Pacific Power & Light Company
Summary of Cost of Equity Estimates

Method	Cost of Equity
(a)	(b)
DCF Models	
Proxy Group Single-Stage DCF	9.00%
Yield + Growth	10.10%
Risk Premium Models	
CAPM	9.73%
Risk Premium	10.07%
Comparable Earnings Model	
Comparable Earnings (Dow Jones Utilities Index)	9.97%
Comparable Earnings (Dow Jones Industrial Average)	16.20%
Allowed Returns for Electric Utilities, Year-to-Date 2013	10.02%
Recommended Rate of Return	10.00%