

**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**

**S&P 500 Forward Looking Market Risk Premium**

**November 2014**

**Pacific Power & Light Company**  
**S&P 500 Forward Looking Market Risk Premium**

---

<u>Dividend Yield<sup>1</sup></u>	<u>Growth Rate<sup>2</sup></u>	<u>Risk Free Rate<sup>3</sup></u>	<u>Market Risk Premium</u>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d) = (a)*[1 + (b)] + (b) - (c)</u>
2.03%	9.92%	3.09%	9.06%

**Notes:**

<sup>1</sup> Dividend yield calculated as (total dividends) / (12 month average price).

Bloomberg Financial, L.P., 4 November 2014.

<sup>2</sup> Source: Bloomberg Financial, L.P., Composite of Long-Term EPS Analyst Estimates for the S&P 500, 6 November 2014.

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