

**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

Proxy Group Capital Asset Pricing Model

November 2014

**Pacific Light & Power Company
Proxy Group
Capital Asset Pricing Model (CAPM)**

No.	Company	Ticker	30-Year T-Bond Return (Rf) ¹	Beta Value Line ²	Forward Looking Market Risk Premium	
					Top-Down DCF - 30 Yr T- Bond Return ³	CAPM Cost of Equity Based on Forward Looking Market Risk Premium
	(a)	(b)	(c)	(d)	(e)	(f) = (c) + (d)*(e)
Electric Proxy Group						
1	Alliant Energy Corporation	LNT	3.09%	0.80	9.06%	10.34%
2	Ameren Corporation	AEE	3.09%	0.75	9.06%	9.89%
3	American Electric Power Company, Inc.	AEP	3.09%	0.70	9.06%	9.43%
4	Avista Corporation	AVA	3.09%	0.75	9.06%	9.89%
5	Black Hills Corporation	BKH	3.09%	0.85	9.06%	10.79%
6	CenterPoint Energy, Inc.	CNP	3.09%	0.75	9.06%	9.89%
7	Consolidated Edison, Inc.	ED	3.09%	0.60	9.06%	8.53%
8	Dominion Resources, Inc.	D	3.09%	0.70	9.06%	9.43%
9	DTE Energy Company	DTE	3.09%	0.75	9.06%	9.89%
10	Edison International	EIX	3.09%	0.75	9.06%	9.89%
11	El Paso Electric Company	EE	3.09%	0.70	9.06%	9.43%
12	The Empire District Electric Company	EDE	3.09%	0.65	9.06%	8.98%
13	Great Plains Energy Incorporated	GXP	3.09%	0.85	9.06%	10.79%
14	IDACORP, Inc.	IDA	3.09%	0.80	9.06%	10.34%
15	NextEra Energy, Inc.	NEE	3.09%	0.70	9.06%	9.43%
16	Northeast Utilities	NU	3.09%	0.75	9.06%	9.89%
17	NorthWestern Corporation	NWE	3.09%	0.70	9.06%	9.43%
18	Pinnacle West Capital Corporation	PNW	3.09%	0.70	9.06%	9.43%
19	Portland General Electric Company	POR	3.09%	0.75	9.06%	9.89%
20	Public Service Enterprise Group Incorporated	PEG	3.09%	0.75	9.06%	9.89%
21	SCANA Corporation	SCG	3.09%	0.75	9.06%	9.89%
22	Sempra Energy	SRE	3.09%	0.75	9.06%	9.89%
23	The Southern Company	SO	3.09%	0.60	9.06%	8.53%
24	Vectren Corporation	VVC	3.09%	0.80	9.06%	10.34%
25	Westar Energy, Inc.	WR	3.09%	0.75	9.06%	9.89%
26	Xcel Energy Inc.	XEL	3.09%	0.65	9.06%	8.98%
	Average			0.73		9.73%

Notes:

¹ Source: Federal Reserve, Constant Maturity 30-year Treasury Yield, 6 November 2014.

² Source: *The Value Line Investment Survey* : 19 September 2014; 22 August 2014; and 1 August 2014.

³ See Exhibit No.__(KGS-29).