

**Exhibit CCW-12**

**Equity Risk Premium – Treasury Bond**

**Witness: Christopher C. Walters**

# Louisville Gas and Electric Company

## Equity Risk Premium - Treasury Bond

<u>Line</u>	<u>Year</u>	<u>Authorized Electric Returns<sup>1</sup></u> (1)	<u>30 yr. Treasury Bond Yield<sup>2</sup></u> (2)	<u>Indicated Risk Premium</u> (3)	<u>Rolling 5 - Year Average</u> (4)	<u>Rolling 10 - Year Average</u> (5)
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%	4.60%	
6	1991	12.55%	8.14%	4.41%	4.25%	
7	1992	12.09%	7.67%	4.42%	4.26%	
8	1993	11.41%	6.60%	4.81%	4.45%	
9	1994	11.34%	7.37%	3.97%	4.34%	
10	1995	11.55%	6.88%	4.67%	4.46%	4.53%
11	1996	11.39%	6.70%	4.69%	4.51%	4.38%
12	1997	11.40%	6.61%	4.79%	4.59%	4.42%
13	1998	11.66%	5.58%	6.08%	4.84%	4.65%
14	1999	10.77%	5.87%	4.90%	5.03%	4.68%
15	2000	11.43%	5.94%	5.49%	5.19%	4.82%
16	2001	11.09%	5.49%	5.60%	5.37%	4.94%
17	2002	11.16%	5.43%	5.73%	5.56%	5.07%
18	2003	10.97%	4.96%	6.01%	5.55%	5.19%
19	2004	10.75%	5.05%	5.70%	5.71%	5.37%
20	2005	10.54%	4.65%	5.89%	5.79%	5.49%
21	2006	10.34%	4.90%	5.44%	5.76%	5.56%
22	2007	10.31%	4.83%	5.48%	5.71%	5.63%
23	2008	10.37%	4.28%	6.09%	5.72%	5.63%
24	2009	10.52%	4.07%	6.45%	5.87%	5.79%
25	2010	10.29%	4.25%	6.04%	5.90%	5.84%
26	2011	10.19%	3.91%	6.28%	6.07%	5.91%
27	2012	10.01%	2.92%	7.09%	6.39%	6.05%
28	2013	9.81%	3.45%	6.36%	6.44%	6.08%
29	2014	9.75%	3.34%	6.41%	6.44%	6.15%
30	2015	9.60%	2.84%	6.76%	6.58%	6.24%
31	2016	9.60%	2.60%	7.00%	6.72%	6.40%
32	<b>Average</b>	<b>11.17%</b>	<b>5.70%</b>	<b>5.47%</b>	<b>5.41%</b>	<b>5.40%</b>
33	<b>Minimum</b>				<b>4.25%</b>	<b>4.38%</b>
34	<b>Maximum</b>				<b>6.72%</b>	<b>6.40%</b>

Sources:

<sup>1</sup> *Regulatory Research Associates, Inc.*, Regulatory Focus, Major Rate Case Decisions, January 1997 page 5, January 2011 page 3, and January 2017 page 6.

<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.