Exh. DCP-12 Dockets UE-190334, UG-190335, and UE-190222 Witness: David C. Parcell

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION, d/b/a AVISTA UTILITIES,

Respondent.

DOCKETS UE-190334, UG-190335, and **UE-190222** (*Consolidated*)

EXHIBIT TO TESTIMONY OF

David C. Parcell

ON BEHALF OF STAFF OF WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Proxy Companies CAPM Cost Rates

October 3, 2019

PROXY COMPANIES CAPM COST RATES

COMPANY	RISK-FREE RATE	BETA	RISK PREMIUM	CAPM RATES
Parcell Proxy Group				
ALLETE	2.21%	0.65	5.9%	6.0%
Avista Corp.	2.21%	0.60	5.9%	5.8%
Black Hills Corp	2.21%	0.75	5.9%	6.6%
Hawaiian Electric Industries	2.21%	0.55	5.9%	5.5%
IDACORP	2.21%	0.60	5.9%	5.8%
NorthWestern Corp	2.21%	0.60	5.9%	5.8%
OGE Energy	2.21%	0.80	5.9%	6.9%
Otter Tail Corp	2.21%	0.65	5.9%	6.0%
Portland General Corp	2.21%	0.60	5.9%	5.8%
Mean				6.0%
Median				5.8%
			or Reasons Cited in	
Ameren Corp	2.21%	0.55	5.9%	5.5%
Ameren Corp Avangrid, Inc.	2.21% 2.21%	0.55 0.40	5.9% 5.9%	5.5% 4.6%
Ameren Corp Avangrid, Inc. Avista Corp	2.21% 2.21% 2.21%	0.55 0.40 0.60	5.9% 5.9% 5.9%	5.5% 4.6% 5.8%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp	2.21% 2.21% 2.21% 2.21%	0.55 0.40 0.60 0.75	5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy	2.21% 2.21% 2.21% 2.21% 2.21%	0.55 0.40 0.60 0.75 0.80	5.9% 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp	2.21% 2.21% 2.21% 2.21% 2.21% 2.21%	0.55 0.40 0.60 0.75 0.80 0.55	5.9% 5.9% 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21%	0.55 0.40 0.60 0.75 0.80 0.55	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21%	0.55 0.40 0.60 0.75 0.80 0.55 0.55	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% Not Included in the	0.55 0.40 0.60 0.75 0.80 0.55 0.55 0.55 Calculations fo	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% or Reasons Cited in	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International El Paso Electric Co.	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% Not Included in the	0.55 0.40 0.60 0.75 0.80 0.55 0.55 0.55 Calculations fo	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% n Direct Tes
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International El Paso Electric Co. Emera Inc.	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% Not Included in Not Included i	0.55 0.40 0.60 0.75 0.80 0.55 0.55 0.55 Calculations for Calculations for	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% or Reasons Cited in	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% n Direct Tes
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International EI Paso Electric Co. Emera Inc. Entergy Corp.	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% Not Included in the Not Included in the 2.21%	0.55 0.40 0.60 0.75 0.80 0.55 0.55 Calculations for the control of the con	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% or Reasons Cited in the constant of the con	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% n Direct Tes 5.5%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International Elson International Emera Inc. Entergy Corp. Exelon Corp	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% Not Included in 10.2.21% 2.21% 2.21%	0.55 0.40 0.60 0.75 0.80 0.55 0.55 Calculations for 0.55 0.60	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% or Reasons Cited in pr Reasons Cited in 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% n Direct Tes 5.5% 5.8%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International EI Paso Electric Co. Emera Inc. Entergy Corp. Exelon Corp FirstEnergy Corp	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 0.00 Included in 10 Incl	0.55 0.40 0.60 0.75 0.80 0.55 0.55 Calculations for 0.55 0.60 0.70	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% or Reasons Cited in 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% n Direct Tes 5.5% 5.8% 6.3%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International El Paso Electric Co. Emera Inc. Entergy Corp Exelon Corp FirstEnergy Corp Hawaiian Electric	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% Not Included in 1 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21%	0.55 0.40 0.60 0.75 0.80 0.55 0.55 0.55 Calculations for calculations for calculati	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% or Reasons Cited in 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% n Direct Tes 5.5% 5.8% 6.3% 5.8%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International El Paso Electric Co. Emera Inc. Entergy Corp Exelon Corp FirstEnergy Corp Hawaiian Electric DACORP	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% Not Included in (2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21%	0.55 0.40 0.60 0.75 0.80 0.55 0.55 Calculations for Calculations for 0.55 0.60 0.70 0.60 0.70	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% or Reasons Cited in 5.9% 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% n Direct Tes 5.5% 5.8% 6.3% 5.8% 5.5%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International El Paso Electric Co. Emera Inc. Entergy Corp. Exelon Corp FirstEnergy Corp Hawaiian Electric DACORP Northwestern Corp	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% Not Included in the control of the cont	0.55 0.40 0.60 0.75 0.80 0.55 0.55 Calculations for the control of the con	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% or Reasons Cited in 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% n Direct Tes 5.5% 6.3% 6.3% 5.8% 5.5% 5.8%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International EI Paso Electric Co. Emera Inc. Entergy Corp. Exelon Corp FirstEnergy Corp Hawaiian Electric DACORP Northwestern Corp OGE Energy Corp	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 0.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21%	0.55 0.40 0.60 0.75 0.80 0.55 0.55 0.55 Calculations for 0.55 0.60 0.70 0.60 0.55 0.60 0.60	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% or Reasons Cited in 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% n Direct Tes n Direct Tes 5.5% 6.3% 5.8% 5.8% 5.8% 5.8%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International EI Paso Electric Co. Emera Inc. Entergy Corp. Exelon Corp FirstEnergy Corp Hawaiian Electric DACORP Northwestern Corp OGE Energy Corp OGE Energy Corp OGE Energy Corp	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% Not Included in 0 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21%	0.55 0.40 0.60 0.75 0.80 0.55 0.55 Calculations for 0.55 0.60 0.70 0.60 0.55 0.60 0.60 0.60 0.60 0.80	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% 5.5% 6.3% 6.3% 5.8% 5.8% 5.8% 6.9%
Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International EI Paso Electric Co. Emera Inc. Entergy Corp. Exelon Corp FirstEnergy Corp Hawaiian Electric IDACORP Northwestern Corp OGE Energy Corp Otter Tail Corp PNM Resources	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% Not Included in 1 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21%	0.55 0.40 0.60 0.75 0.80 0.55 0.55 Calculations fo 0.55 0.60 0.70 0.60 0.55 0.60 0.60 0.80 0.80 0.65	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% 6.3% 6.3% 5.8% 6.3% 5.8% 6.9% 6.9% 6.0%
Algonquin Power & Utilities Ameren Corp Avangrid, Inc. Avista Corp Black Hills Corp CenterPoint Energy CMS Energy Corp Dominion Energy DTE Energy Edison International El Paso Electric Co. Emera Inc. Entergy Corp. Exelon Corp FirstEnergy Corp Hawaiian Electric IDACORP Northwestern Corp OGE Energy Corp OGE Energy Corp OTHE Tail Corp PNM Resources Sempra Energy Mean	2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% 2.21% Not Included in 0 2.21%	0.55 0.40 0.60 0.75 0.80 0.55 0.55 0.55 Calculations fc 0.55 0.60 0.70 0.60 0.55 0.60 0.60 0.80 0.65 0.60	5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9% 5.9%	5.5% 4.6% 5.8% 6.6% 6.9% 5.5% 5.5% 5.5% 6.3% 5.8% 6.3% 5.8% 6.3% 5.8% 6.9% 6.0% 5.8%

Sources: Value Line Investment Survey, Standard & Poor's, Federal Reserve.

20-year Treasury Bonds				
Month	Rate			
June 2019	2.36%			
July 2019	2.36%			
August 2019	1.91%			
Average	2.21%			