

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY

Respondent.

DOCKETS UE-220066, UG-220067, and UG-210918 (*Consolidated*)

**J. RANDALL WOOLRIDGE
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT JRW-11

Puget Sound Energy's Rate of Return Recommendation

July 28, 2022

Panel A
Puget Sound Energy Rate of Return Recommendation
PSE's Weighted Average Cost of Capital and Rate of Return
Calendar Year 2022

Capital Source	Capitalization Ratios	Cost Rate	Weighted Cost Rate*
Short-Term Debt	1.40%	1.43%	0.04%
Long-Term Debt	50.10%	5.07%	2.56%
Common Equity	<u>48.50%</u>	<u>9.40%</u>	<u>4.56%</u>
Total Capital	100.00%		7.16%

* Weighted short-term debt cost rate includes .02% of commttment and amortization fees
 Weighted long-term debt cost rate includes .02% of amortization of reacquired debt.

Panel B
Puget Sound Energy Rate of Return Recommendation
PSE's Weighted Average Cost of Capital and Rate of Return
Calendar Year 2023

Capital Source	Capitalization Ratios	Cost Rate	Weighted Cost Rate*
Short-Term Debt	2.40%	1.43%	0.05%
Long-Term Debt	48.60%	5.07%	2.48%
Common Equity	<u>49.00%</u>	<u>9.90%</u>	<u>4.85%</u>
Total Capital	100.00%		7.39%

* Weighted short-term debt cost rate includes .02% of commttment and amortization fees
 Weighted long-term debt cost rate includes .02% of amortization of reacquired debt.

Panel C
Puget Sound Energy Rate of Return Recommendation
PSE's Weighted Average Cost of Capital and Rate of Return
Calendar Year 2024

Capital Source	Capitalization Ratios	Cost Rate	Weighted Cost Rate*
Short-Term Debt	2.40%	2.36%	0.08%
Long-Term Debt	48.10%	5.07%	2.46%
Common Equity	<u>49.50%</u>	<u>9.90%</u>	<u>4.90%</u>
Total Capital	100.00%		7.44%

* Weighted short-term debt cost rate includes .02% of commttment and amortization fees
 Weighted long-term debt cost rate includes .02% of amortization of reacquired debt.

Panel D
Puget Sound Energy Rate of Return Recommendation
PSE's Weighted Average Cost of Capital and Rate of Return
Calendar Year 2025

Capital Source	Capitalization Ratios	Cost Rate	Weighted Cost Rate*
Short-Term Debt	1.90%	3.14%	0.08%
Long-Term Debt	48.10%	5.08%	2.46%
Common Equity	<u>50.00%</u>	<u>9.90%</u>	<u>4.95%</u>
Total Capital	100.00%		7.49%

* Weighted short-term debt cost rate includes .02% of commttment and amortization fees
 Weighted long-term debt cost rate includes .02% of amortization of reacquired debt.

Panel E

Bulkley ROE Results

<i>Constant Growth DCF</i>			
	Median Low	Median	Median High
30-Day Average	8.68%	9.36%	9.98%
90-Day Average	8.62%	9.29%	9.92%
180-Day Average	8.62%	9.24%	9.92%
Constant Growth Average	8.64%	9.30%	9.94%
<i>Constant Growth DCF Mean w/ exclusions⁹⁰</i>			
	Mean Low	Mean	Mean High
30-Day Average	8.52%	9.39%	10.15%
90-Day Average	8.46%	9.33%	10.09%
180-Day Average	8.57%	9.32%	10.07%
Constant Growth Average	8.52%	9.35%	10.10%
<i>CAPM</i>			
	Current 30-day Average Treasury Bond Yield	Near-Term Blue Chip Forecast Yield	Long-Term Blue Chip Forecast Yield
Value Line Beta	11.53%	11.60%	11.72%
Bloomberg Beta	13.26%	13.24%	13.22%
Long-Term Avg. Beta	9.55%	9.70%	9.99%
<i>ECAPM</i>			
	Current 30-day Average Treasury Bond Yield	Near-Term Blue Chip Forecast Yield	Long-Term Blue Chip Forecast Yield
Value Line Beta	11.89%	11.94%	12.03%
Bloomberg Beta	13.19%	13.18%	13.16%
Long-Term Avg. Beta	10.40%	10.52%	10.74%
<i>Treasury Yield Plus Risk Premium</i>			
	Current 30-day Average Treasury Bond Yield	Near-Term Blue Chip Forecast Yield	Long-Term Blue Chip Forecast Yield
Risk Premium Analysis- electric	9.52%	9.73%	10.13%
Risk Premium- natural gas	9.37%	9.58%	9.97%
<i>Expected Earnings</i>			
Mean	11.19%		
Median	11.25%		