Exh. DCP-15 Dockets UE-220066, UG-220067, UG-210918 Witness: David C. Parcell

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

In the Matter of the Petition of

PUGET SOUND ENERGY

For an Order Authorizing Deferred Accounting Treatment for Puget Sound Energy's Share of Costs Associated with the Tacoma LNG Facility DOCKETS UE-220066, UG-220067, UG-210918 (consolidated)

EXHIBIT TO TESTIMONY OF

DAVID C. PARCELL

ON BEHALF OF STAFF OF WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Risk Premium Analysis

July 28, 2022

Exh. DCP-15 Dockets UE-220066, UG-220067, UG-210918 Page 1 of 4

RISK PREMIUM ANALYSIS
CALCULATION OF RISK PREMIUMS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-19 Average	2012-21 Average
Average Authorized ROE General Rate Cases	10.02%	9.82%	9.76%	9.60%	9.60%	9.68%	9.56%	9.65%	9.39%	9.39%	9.71%	9.65%
Annual Average Yields on A rated Utility Bonds												
No Lag	4.13%	4.48%	4.28%	4.12%	3.93%	4.00%	4.25%	3.77%	3.02%	3.11%	4.12%	3.93%
3 Months Lag	4.24%	4.27%	4.46%	4.04%	4.01%	4.05%	4.10%	4.03%	3.15%	3.06%	4.15%	3.96%
6 Months Lag	4.45%	4.08%	4.59%	4.00%	4.19%	3.97%	4.00%	4.24%	3.32%	3.01%	4.19%	4.00%
9 Months Lag	4.74%	4.08%	4.57%	4.05%	4.24%	3.93%	3.96%	4.31%	3.53%	2.98%	4.24%	4.06%
12 Months Lag	5.04%	4.13%	4.48%	4.28%	4.12%	3.93%	4.00%	4.25%	3.77%	3.02%	4.28%	4.12%
Risk Premiums of ROEs vs A rated Utility Bonds												
No Lag	5.89%	5.34%	5.48%	5.49%	5.67%	5.68%	5.31%	5.88%	6.38%	6.28%	5.59%	5.73%
3 Months Lag	5.78%	5.55%	5.30%	5.56%	5.59%	5.63%	5.46%	5.62%	6.24%	6.34%	5.56%	5.69%
6 Months Lag	5.57%	5.74%	5.17%	5.60%	5.41%	5.71%	5.56%	5.41%	6.07%	6.38%	5.52%	5.65%
9 Months Lag	5.28%	5.74%	5.19%	5.55%	5.36%	5.75%	5.60%	5.34%	5.86%	6.41%	5.48%	5.60%
12 Months Lag	4.98%	5.69%	5.28%	5.32%	5.49%	5.75%	5.56%	5.40%	5.62%	6.38%	5.43%	5.54%

Sources: S&P Global Intelligence, provided in response to Staff DR-013 in Dockets UE-220053/UG-220054; Mergent Bond Record.

Exh. DCP-15 Dockets UE-220066, UG-220067, UG-210918 Page 2 of 4

RISK PREMIUM ANALYSIS YIELDS ON A RATED PUBLIC UTILITY BONDS

2012 Jan 4 34% Feb 4 36% Ac 4 40% Ac 4 40%	Year/Month	Yield	Annual Average Yield	3-Month Lagged Average Yield	6-Month Lagged Average Yield	9-Month Lagged Average Yield	12-Month Lagged Average Yield		Yield	Annual Average Yield	3-Month Lagged Average Yield	6-Month Lagged Average Yield	9-Month Lagged Average Yield	12-Month Lagged Average Yield
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Nov 4.40% Nov 3.02% Dec 4.35% 4.12% 4.04% 4.00% 4.25% Dec 3.13% 3.11% 3.06% 3.01% 2.98% 3.02% 2016 Jan 4.27% Feb 4.11% 5.06% 3.13% 3.11% 3.06% 3.01% 2.98% 3.02% Feb 4.11% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.16% 4.1														
Dec 4.35% 4.12% 4.04% 4.00% 4.28% Dec 3.13% 3.11% 3.06% 3.01% 2.98% 3.02 2016 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>														
2016 Jan 4.1% Feb 4.11% Mar 4.16% Apr 4.0% May 3.93% Jun 3.78% Jul 3.57% Aug 3.59% Sep 3.66% Oct 3.77% Nov 4.08%			4 12%	4 04%	4 00%	4 05%	4 28%			3 1 1 %	3.06%	3 01%	2 0.8%	3.02%
Jan 4.27% Feb 4.11% Mar 4.16% Apr 4.00% May 3.93% Jun 3.78% Jul 3.57% Aug 3.59% Sep 3.66% Oct 3.77% Nov 4.08%		T.00 /0	7.12/0	7.0470	T.00 /0	T.00 /0	7.20/0	Dec	0.1070	0.11/0	0.00 /0	0.0170	2.30 /0	0.02 /0
Feb 4.11% Mar 4.16% Apr 4.00% May 3.93% Jun 3.78% Jul 3.57% Aug 3.59% Sep 3.66% Oct 3.77% Nov 4.08%		4.27%												
Mar 4.16% Apr 4.00% May 3.93% Jun 3.78% Jul 3.57% Aug 3.59% Sep 3.66% Oct 3.77% Nov 4.08%														
Apr 4.00% May 3.93% Jun 3.78% Jul 3.57% Aug 3.59% Sep 3.66% Oct 3.77% Nov 4.08%	Mar	4.16%												
Jul 3.78% Jul 3.57% Aug 3.59% Sep 3.66% Oct 3.77% Nov 4.08%	Apr	4.00%												
Jul 3.57% Aug 3.59% Sep 3.66% Oct 3.77% Nov 4.08%														
Aug 3.59% Sep 3.66% Oct 3.77% Nov 4.08%														
Sep 3.66% Oct 3.77% Nov 4.08%														
Oct 3.77% Nov 4.08%														
Nov 4.08%														
	Dec	4.27%	3.93%	4.01%	4.19%	4.24%	4.12%							

Source: Mergent Bond Record.

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RISK PREMIUM ANALYSIS
CALCULATION OF RISK PREMIUMS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-19 Average	
Average Authorized ROE General Rate Cases	10.02%	9.82%	9.76%	9.60%	9.60%	9.68%	9.56%	9.65%	9.39%	9.39%	9.71%	9.65%
Annual Average Yields on Baa rated Utility Bonds												
No Lag	4.86%	4.98%	4.80%	5.03%	4.68%	4.38%	4.67%	4.19%	3.39%	3.36%	4.70%	4.46%
3 Months Lag	5.00%	4.81%	4.93%	4.82%	4.91%	4.48%	4.48%	4.50%	3.53%	3.33%	4.74%	4.50%
6 Months Lag	5.12%	4.70%	5.07%	4.68%	5.18%	4.46%	4.38%	4.71%	3.71%	3.30%	4.79%	4.55%
9 Months Lag	5.32%	4.76%	5.07%	4.65%	5.24%	4.50%	4.32%	4.77%	3.92%	3.33%	4.83%	4.61%
12 Months Lag	5.57%	4.86%	4.98%	4.80%	5.03%	4.68%	4.38%	4.67%	4.19%	3.39%	4.87%	4.67%
Risk Premiums of ROEs vs A rated Utility Bonds												
No Lag	5.17%	4.84%	4.96%	4.57%	4.92%	5.30%	4.89%	5.46%	6.00%	6.03%	5.01%	5.20%
3 Months Lag	5.02%	5.02%	4.83%	4.78%	4.69%	5.20%	5.08%	5.15%	5.86%	6.07%	4.97%	5.15%
6 Months Lag	4.90%	5.12%	4.69%	4.92%	4.42%	5.22%	5.18%	4.94%	5.68%	6.09%	4.92%	5.10%
9 Months Lag	4.70%	5.06%	4.70%	4.95%	4.36%	5.18%	5.24%	4.88%	5.47%	6.06%	4.88%	5.04%
12 Months Lag	4.45%	4.97%	4.78%	4.80%	4.57%	5.00%	5.18%	4.98%	5.20%	6.00%	4.84%	4.98%

Sources: S&P Global Intelligence, provided in response to Staff DR-013 in Dockets UE-220053/UG-220054; Mergent Bond Record.

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RISK PREMIUM ANALYSIS YIELDS ON Baa RATED PUBLIC UTILITY BONDS

Year/Month	Yield	Annual Average Yield	3-Month Lagged Average Yield	6-Month Lagged Average Yield	9-Month Lagged Average Yield	12-Month Lagged Average Yield		Yield	Annual Average Yield	3-Month Lagged Average Yield	6-Month Lagged Average Yield	9-Month Lagged Average Yield	12-Month Lagged Average Yield
2011							2017						
Jan	6.06%						Jan	4.62%					
Feb	6.10%						Feb	4.58%					
Mar	5.97%						Mar	4.62%					
Apr	5.98%						Apr	4.51%					
May	5.74%						May	4.50%					
Jun	5.67%						Jun	4.32%					
Jul	5.70%						Jul	4.36%					
Aug Sep	5.22% 5.11%						Aug Sep	4.23% 4.24%					
Oct	5.24%						Oct	4.26%					
Nov	4.93%						Nov	4.16%					
Dec	5.07%	5.57%					Dec	4.14%	4.38%	4.48%	4.46%	4.50%	4.68%
2012							2018						
Jan	5.06%						Jan	4.18%					
Feb	5.02%						Feb	4.42%					
Mar	5.13% 5.11%						Mar	4.52% 4.58%					
Apr May	4.97%						Apr May	4.58%					
Jun	4.91%						Jun	4.71%					
Jul	4.85%						Jul	4.67%					
Aug	4.88%						Aug	4.64%					
Sep	4.81%						Sep	4.74%					
Oct	4.54%						Oct	4.91%					
Nov	4.42%						Nov	5.03%					
Dec	4.56%	4.86%	5.00%	5.12%	5.32%	5.57%	Dec	4.92%	4.67%	4.48%	4.38%	4.32%	4.38%
2013 Jan	4.66%						2019 Jan	4.91%					
Feb	4.74%						Feb	4.91%					
Mar	4.72%						Mar	4.65%					
Apr	4.49%						Apr	4.55%					
May	4.65%						May	4.47%					
Jun	5.08%						Jun	4.31%					
Jul	5.21%						Jul	4.13%					
Aug	5.28%						Aug	3.63%					
Sep	5.31%						Sep	3.71%					
Oct Nov	5.17% 5.24%						Oct Nov	3.72% 3.76%					
Dec	5.25%	4.98%	4.81%	4.70%	4.76%	4.86%	Dec	3.73%	4.19%	4.50%	4.71%	4.77%	4.67%
2014							2020						
Jan	5.09%						Jan	3.60%					
Feb	5.01%						Feb	3.42%					
Mar	5.00%						Mar	3.96%					
Apr	4.85%						Apr	3.82%					
May Jun	4.69% 4.73%						May Jun	3.63% 3.44%					
Jul	4.66%						Jul	3.09%					
Aug	4.65%						Aug	3.06%					
Sep	4.79%						Sep	3.17%					
Oct	4.67%						Oct	3.27%					
Nov	4.75%						Nov	3.17%					
Dec	4.70%	4.80%	4.93%	5.07%	5.07%	4.98%	Dec	3.05%	3.39%	3.53%	3.71%	3.92%	4.19%
2015	4.000/						2021	0.400/					
Jan Feb	4.39% 4.44%						Jan Feb	3.18% 3.37%					
⊢eb Mar	4.44% 4.51%						⊢eb Mar	3.37% 3.72%					
Apr	4.51%						Apr	3.57%					
May	4.91%						May	3.58%					
Jun	5.13%						Jun	3.41%					
Jul	5.22%						Jul	3.20%					
Aug	5.23%						Aug	3.19%					
Sep	5.42%						Sep	3.19%					
Oct	5.47%						Oct	3.32%					
Nov	5.57%	E 0.20/	4 000/	4 600/	4 650/	4.80%	Nov	3.25%	2.200/	2 2 2 0 /	2 200/	2 2 2 0/	2 200/
Dec 2016	5.55%	5.03%	4.82%	4.68%	4.65%	4.00%	Dec	3.36%	3.36%	3.33%	3.30%	3.33%	3.39%
Jan	5.49%												
Feb	5.28%												
Mar	5.12%												
Apr	4.75%												
May	4.60%												
Jun	4.47%												
Jul	4.16%												
Aug	4.20%												
Sep Oct	4.27% 4.34%												
Nov	4.34% 4.64%												
Dec	4.79%	4.68%	4.91%	5.18%	5.24%	5.03%							
-													

Source: Mergent Bond Record.