

Exh. DCP-10
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 DCF Cost Rates

October 3, 2019

**PROXY COMPANIES
DIVIDEND YIELD**

COMPANY	Qtr DPS	June - August, 2019			YIELD	
		DPS	HIGH	LOW		AVERAGE
Parcell Proxy Group						
ALLETE	\$0.558	\$2.23	\$88.58	\$80.70	\$84.64	2.6%
Avista Corp.	\$0.388	\$1.55	\$47.33	\$41.87	\$44.60	3.5%
Black Hills Corp	\$0.505	\$2.02	\$82.01	\$70.15	\$76.08	2.7%
Hawaiian Electric Industries	\$0.320	\$1.28	\$45.19	\$41.44	\$43.32	3.0%
IDACORP	\$0.630	\$2.52	\$110.57	\$98.88	\$104.73	2.4%
NorthWestern Corp	\$0.575	\$2.30	\$74.47	\$67.36	\$70.92	3.2%
OGE Energy	\$0.365	\$1.46	\$44.41	\$41.39	\$42.90	3.4%
Otter Tail Corp	\$0.350	\$1.40	\$54.51	\$48.09	\$51.30	2.7%
Portland General Corp	\$0.385	\$1.54	\$57.27	\$52.72	\$55.00	2.8%
Average						2.9%
Adjusted Mckenzie Electric Group						
Algonquin Power & Utilities	Not Included in Calculations for Reasons Cited in Direct Testimony					
Ameren Corp	\$0.475	\$1.90	\$77.77	\$72.95	\$75.36	2.5%
Avangrid, Inc.	\$0.440	\$1.76	\$52.32	\$47.50	\$49.91	3.5%
Avista Corp	\$0.388	\$1.55	\$47.33	\$41.87	\$44.60	3.5%
Black Hills Corp	\$0.505	\$2.02	\$82.01	\$70.15	\$76.08	2.7%
CenterPoint Energy	\$0.288	\$1.15	\$30.24	\$27.16	\$28.70	4.0%
CMS Energy Corp	\$0.383	\$1.53	\$63.31	\$55.37	\$59.34	2.6%
Dominion Energy	\$0.918	\$3.67	\$79.47	\$73.46	\$76.47	4.8%
DTE Energy	\$0.945	\$3.78	\$132.09	\$123.91	\$128.00	3.0%
Edison International	Not Included in Calculations for Reasons Cited in Direct Testimony					
El Paso Electric Co.	Not Included in Calculations for Reasons Cited in Direct Testimony					
Emera Inc.	\$0.588	\$2.35	\$57.72	\$52.00	\$54.86	4.3%
Entergy Corp.	\$0.910	\$3.64	\$113.46	\$95.42	\$104.44	3.5%
Exelon Corp	\$0.363	\$1.45	\$51.18	\$43.69	\$47.44	3.1%
FirstEnergy Corp	\$0.380	\$1.52	\$46.14	\$40.97	\$43.56	3.5%
Hawaiian Electric	\$0.320	\$1.28	\$45.19	\$41.44	\$43.32	3.0%
IDACORP	\$0.630	\$2.52	\$110.57	\$98.88	\$104.73	2.4%
Northwestern Corp	\$0.575	\$2.30	\$74.47	\$67.36	\$70.92	3.2%
OGE Energy Corp	\$0.365	\$1.46	\$44.41	\$41.39	\$42.90	3.4%
Otter Tail Corp	\$0.350	\$1.40	\$54.51	\$48.09	\$51.30	2.7%
PNM Resources	\$0.290	\$1.16	\$52.10	\$47.09	\$49.60	2.3%
Sempra Energy	\$0.968	\$3.87	\$142.91	\$130.52	\$136.72	2.8%
Average						3.2%

Source: Yahoo! Finance.

**PROXY COMPANIES
RETENTION GROWTH RATES**

COMPANY	2014	2015	2016	2017	2018	Average	2019	2020	2022-2024	Average
Parcell Proxy Group										
ALLETE	2.5%	3.6%	2.8%	2.4%	2.7%	2.8%	2.5%	3.0%	3.5%	3.0%
Avista Corp.	2.4%	2.3%	3.0%	1.9%	2.2%	2.4%	4.5%	2.0%	2.5%	3.0%
Black Hills Corp	4.3%	3.8%	3.3%	5.3%	3.9%	4.1%	4.0%	3.5%	3.5%	3.7%
Hawaiian Electric Industries	2.3%	1.5%	6.3%	2.1%	3.1%	3.1%	3.5%	3.5%	4.0%	3.7%
IDACORP	5.4%	4.8%	4.3%	4.4%	4.4%	4.7%	4.0%	3.5%	4.0%	3.8%
NorthWestern Corp	3.8%	3.0%	4.1%	3.4%	3.2%	3.5%	3.5%	3.0%	3.0%	3.2%
OGE Energy	6.5%	4.0%	3.3%	3.5%	3.8%	4.2%	3.0%	3.0%	3.5%	3.2%
Otter Tail Corp	2.2%	2.0%	2.1%	3.3%	4.0%	2.7%	4.0%	3.5%	3.5%	3.7%
Portland General Corp	4.6%	3.3%	3.5%	3.6%	3.5%	3.7%	3.5%	3.0%	3.0%	3.2%
Average						3.5%				3.4%
Adjusted Mckenzie Electric Group										
Algonquin Power & Utilities	Not Included in Calculations for Reasons Cited in Direct Testimony									
Ameren Corp	2.9%	2.5%	3.3%	3.4%	4.8%	3.4%	4.0%	4.5%	4.0%	4.2%
Avangrid, Inc.	3.4%	1.8%	1.4%	0.0%	0.4%	1.4%	1.0%	1.5%	2.0%	1.5%
Avista Corp	2.4%	2.3%	3.0%	1.9%	2.2%	2.4%	4.5%	2.0%	2.5%	3.0%
Black Hills Corp	4.3%	3.8%	3.3%	5.3%	3.9%	4.1%	4.0%	3.5%	3.5%	3.7%
CenterPoint Energy	4.5%	1.1%	0.0%	4.7%	0.0%	2.1%	2.0%	3.0%	4.0%	3.0%
CMS Energy Corp	5.0%	5.2%	4.8%	5.2%	5.3%	5.1%	5.5%	5.5%	6.0%	5.7%
Dominion Energy	3.3%	2.9%	2.7%	1.8%	0.0%	2.1%	0.0%	2.0%	2.5%	1.5%
DTE Energy	5.2%	3.4%	3.7%	4.6%	4.9%	4.4%	3.5%	3.5%	4.0%	3.7%
Edison International	Not Included in Calculations for Reasons Cited in Direct Testimony									
El Paso Electric Co.	Not Included in Calculations for Reasons Cited in Direct Testimony									
Emera Inc.	7.4%	4.5%	0.1%	4.6%	5.0%	4.3%	2.0%	1.5%	4.0%	2.5%
Entergy Corp.	4.4%	4.8%	7.7%	3.9%	4.9%	5.1%	4.0%	3.5%	3.0%	3.5%
Exelon Corp	3.3%	4.5%	1.9%	4.7%	2.2%	3.3%	4.5%	4.5%	4.5%	4.5%
FirstEnergy Corp	0.0%	1.9%	4.5%	14.6%	0.0%	4.2%	6.5%	6.5%	6.5%	6.5%
Hawaiian Electric	2.3%	1.5%	6.3%	2.1%	3.1%	3.1%	3.5%	3.5%	4.0%	3.7%
IDACORP	5.4%	4.8%	4.3%	4.4%	4.4%	4.7%	4.0%	3.5%	4.0%	3.8%
Northwestern Corp	3.8%	3.0%	4.1%	3.4%	3.2%	3.5%	3.5%	3.0%	3.0%	3.2%
OGE Energy Corp	6.5%	4.0%	3.3%	3.5%	3.8%	4.2%	3.0%	3.0%	3.5%	3.2%
Otter Tail Corp	2.2%	2.0%	2.1%	3.3%	4.0%	2.7%	4.0%	3.5%	3.5%	3.7%
PNM Resources	3.2%	3.3%	2.8%	4.5%	2.9%	3.3%	5.0%	4.5%	4.0%	4.5%
Sempra Energy	5.0%	5.8%	2.9%	3.3%	4.1%	4.2%	3.5%	4.0%	5.0%	4.2%
Average						3.6%				3.6%

Source: Value Line Investment Survey.

**PROXY COMPANIES
PER SHARE GROWTH RATES**

COMPANY	5-Year Historic Growth Rates				Est'd '16-'18 to '22-'24 Growth Rates			
	EPS	DPS	BVPS	Average	EPS	DPS	BVPS	Average
Parcell Proxy Group								
ALLETE	4.0%	3.0%	5.5%	4.2%	6.0%	5.0%	3.5%	4.8%
Avista Corp.	5.0%	4.5%	4.5%	4.7%	3.5%	4.0%	3.5%	3.7%
Black Hills Corp	11.0%	4.0%	3.0%	6.0%	5.0%	6.5%	5.5%	5.7%
Hawaiian Electric Industries	4.0%	0.0%	3.5%	2.5%	4.5%	3.0%	4.0%	3.8%
IDACORP	4.0%	10.0%	5.0%	6.3%	3.5%	6.0%	4.0%	4.5%
NorthWestern Corp	7.0%	7.0%	8.0%	7.3%	3.0%	4.5%	3.0%	3.5%
OGE Energy	1.0%	9.5%	6.0%	5.5%	6.5%	7.0%	3.5%	5.7%
Otter Tail Corp	14.0%	1.5%	3.5%	6.3%	5.0%	4.0%	4.5%	4.5%
Portland General Corp	4.0%	4.5%	3.5%	4.0%	4.5%	6.5%	3.0%	4.7%
Average				5.2%				4.5%
Adjusted Mckenzie Electric Group								
Algonquin Power & Utilities	Not Included in Calculations for Reasons Cited in Direct Testimony							
Ameren Corp	4.5%	2.5%	0.5%	2.5%	6.5%	6.0%	5.0%	5.8%
Avangrid, Inc.					10.0%	3.0%	1.5%	4.8%
Avista Corp	5.0%	4.5%	4.5%	4.7%	3.5%	4.0%	3.5%	3.7%
Black Hills Corp	11.0%	4.0%	3.0%	6.0%	5.0%	6.5%	5.5%	5.7%
CenterPoint Energy	-3.0%	7.5%	1.0%	1.8%	12.5%	2.5%	13.5%	9.5%
CMS Energy Corp	7.0%	7.0%	5.5%	6.5%	7.0%	7.0%	7.5%	7.2%
Dominion Energy	3.5%	7.5%	6.5%	5.8%	6.5%	5.0%	7.0%	6.2%
DTE Energy	8.0%	6.5%	4.5%	6.3%	5.5%	6.0%	5.5%	5.7%
Edison International	Not Included in Calculations for Reasons Cited in Direct Testimony							
El Paso Electric Co.	Not Included in Calculations for Reasons Cited in Direct Testimony							
Emera Inc.	5.5%	9.5%	17.0%	10.7%	10.0%	4.0%	5.0%	6.3%
Entergy Corp.	-0.5%	1.0%	-2.5%	neg	0.5%	4.0%	4.0%	2.8%
Exelon Corp	-3.5%	-7.0%	4.5%	neg	9.0%	5.5%	5.0%	6.5%
FirstEnergy Corp	-2.5%	-5.0%	-17.5%	neg	8.0%	3.5%	8.5%	6.7%
Hawaiian Electric	4.0%	0.0%	3.5%	2.5%	4.5%	3.0%	4.0%	3.8%
IDACORP	4.0%	10.0%	5.0%	6.3%	3.5%	6.0%	4.0%	4.5%
Northwestern Corp	7.0%	7.0%	8.0%	7.3%	3.0%	4.5%	3.0%	3.5%
OGE Energy Corp	1.0%	9.5%	6.0%	5.5%	6.5%	7.0%	3.5%	5.7%
Otter Tail Corp	14.0%	1.5%	3.5%	6.3%	5.0%	4.0%	4.5%	4.5%
PNM Resources	6.0%	11.0%	1.0%	6.0%	7.0%	7.0%	4.0%	6.0%
Sempra Energy	2.0%	7.5%	4.0%	4.5%	11.0%	8.0%	6.5%	8.5%
Average				5.5%				5.6%

Source: Value Line Investment Survey.

**PROXY COMPANIES
DCF COST RATES**

COMPANY	ADJUSTED YIELD	HISTORIC RETENTION GROWTH	PROSPECTIVE RETENTION GROWTH	HISTORIC PER SHARE GROWTH	PROSPECTIVE PER SHARE GROWTH	FIRST CALL EPS GROWTH	AVERAGE GROWTH	DCF RATES
Parcell Proxy Group								
ALLETE	2.7%	2.8%	3.0%	4.2%	4.8%	6.00%	4.2%	6.8%
Avista Corp.	3.5%	2.4%	3.0%	4.7%	3.7%	3.40%	3.4%	7.0%
Black Hills Corp	2.7%	4.1%	3.7%	6.0%	5.7%	2.96%	4.5%	7.2%
Hawaiian Electric Industries	3.0%	3.1%	3.7%	2.5%	3.8%	6.10%	3.8%	6.8%
IDACORP	2.5%	4.7%	3.8%	6.3%	4.5%	2.40%	4.3%	6.8%
NorthWestern Corp	3.3%	3.5%	3.2%	7.3%	3.5%	3.24%	4.1%	7.5%
OGE Energy	3.5%	4.2%	3.2%	5.5%	5.7%	3.10%	4.3%	7.8%
Otter Tail Corp	2.8%	2.7%	3.7%	6.3%	4.5%	9.00%	5.2%	8.0%
Portland General Corp	2.9%	3.7%	3.2%	4.0%	4.7%	5.20%	4.1%	7.0%
Mean	3.0%	3.5%	3.4%	5.2%	4.5%	4.6%	4.2%	7.2%
Median	2.9%	3.5%	3.2%	5.5%	4.5%	3.4%	4.2%	7.0%
Composite - Mean		6.4%	6.4%	8.2%	7.5%	7.6%	7.2%	
Composite - Median		6.4%	6.0%	8.4%	7.4%	6.3%	7.0%	
Adjusted Mckenzie Electric Group								
Algonquin Power & Utilities	Not Included in Calculations for Reasons Cited in Direct Testimony							
Ameren Corp	2.6%	3.4%	4.2%	2.5%	5.8%	4.70%	4.1%	6.7%
Avangrid, Inc.	3.6%	1.4%	1.5%		4.8%	6.60%	3.6%	7.2%
Avista Corp	3.5%	2.4%	3.0%	4.7%	3.7%	3.40%	3.4%	7.0%
Black Hills Corp	2.7%	4.1%	3.7%	6.0%	5.7%	2.96%	4.5%	7.2%
CenterPoint Energy	4.1%	2.1%	3.0%	1.8%	9.5%	6.14%	4.5%	8.6%
CMS Energy Corp	2.7%	5.1%	5.7%	6.5%	7.2%	7.14%	6.3%	9.0%
Dominion Energy	4.9%	2.1%	1.5%	5.8%	6.2%	4.62%	4.1%	8.9%
DTE Energy	3.0%	4.4%	3.7%	6.3%	5.7%	4.45%	4.9%	7.9%
Edison International	Not Included in Calculations for Reasons Cited in Direct Testimony							
EI Paso Electric Co.	Not Included in Calculations for Reasons Cited in Direct Testimony							
Emera Inc.	4.4%	4.3%	2.5%	10.7%	6.3%	4.23%	5.6%	10.0%
Entergy Corp.	3.6%	5.1%	3.5%	neg	2.8%	neg	3.8%	7.4%
Exelon Corp	3.1%	3.3%	4.5%	neg	6.5%	neg	4.8%	7.9%
FirstEnergy Corp	3.6%	4.2%	6.5%	neg	6.7%	neg	5.8%	9.4%
Hawaiian Electric	3.0%	3.1%	3.7%	2.5%	3.8%	6.10%	3.8%	6.8%
IDACORP	2.5%	4.7%	3.8%	6.3%	4.5%	2.40%	4.3%	6.8%
Northwestern Corp	3.3%	3.5%	3.2%	7.3%	3.5%	3.24%	4.1%	7.5%
OGE Energy Corp	3.5%	4.2%	3.2%	5.5%	5.7%	3.10%	4.3%	7.8%
Otter Tail Corp	2.8%	2.7%	3.7%	6.3%	4.5%	9.00%	5.2%	8.0%
PNM Resources	2.4%	3.3%	4.5%	6.0%	6.0%	6.18%	5.2%	7.6%
Sempra Energy	2.9%	4.2%	4.2%	4.5%	8.5%	8.30%	5.9%	8.9%
Mean	3.3%	3.6%	3.6%	5.5%	5.6%	5.2%	4.7%	7.9%
Median	3.1%	3.5%	3.7%	6.0%	5.7%	4.7%	4.5%	7.8%
Composite - Mean		6.8%	6.9%	8.8%	8.9%	8.4%	7.9%	
Composite - Median		6.6%	6.8%	9.1%	8.8%	7.8%	7.6%	

Note: negative values not used in calculations.

Sources: Prior pages of this schedule.