

**Exh. DCP-15
Docket UG-200568
Witness: David C. Parcell**

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**CASCADE NATURAL GAS
CORPORATION,**

Respondent.

DOCKET UG-200568

**EXHIBIT TO
TESTIMONY OF**

David C. Parcell

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Risk Premium Analysis

November 19, 2020

RISK PREMIUM OF AUTHORIZED RETURNS ON EQUITY OF ELECTRIC UTILITIES OVER YIELDS OF A-RATED PUBLIC UTILITY BONDS

Period	Avg. Auth. ROE 1/	Quarterly Average BBB-rated utility bond yields with lag o					Risk Premium over BBB-rated utility bond yields with lag of:				
		0 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	0 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr
2015 1Q	9.47%	4.45%	4.71%	4.70%	4.76%	5.03%	5.02%	4.76%	4.77%	4.71%	4.44%
2015 2Q	9.43%	4.85%	4.45%	4.71%	4.70%	4.76%	4.58%	4.98%	4.72%	4.73%	4.67%
2015 3Q	9.75%	5.29%	4.85%	4.45%	4.71%	4.70%	4.46%	4.85%	5.30%	5.04%	5.05%
2015 4Q	9.68%	5.53%	5.29%	4.85%	4.45%	4.71%	4.15%	4.39%	4.83%	5.23%	4.97%
2015 Avg	9.58%	5.03%	4.82%	4.68%	4.65%	4.80%	4.55%	4.76%	4.91%	4.93%	4.78%
2016 1Q	9.48%	5.30%	5.53%	5.29%	4.85%	4.45%	4.18%	3.95%	4.19%	4.63%	5.03%
2016 2Q	9.42%	4.61%	5.30%	5.53%	5.29%	4.85%	4.81%	4.12%	3.89%	4.13%	4.57%
2016 3Q	9.47%	4.21%	4.61%	5.30%	5.53%	5.29%	5.26%	4.86%	4.17%	3.94%	4.18%
2016 4Q	9.67%	4.59%	4.21%	4.61%	5.30%	5.53%	5.08%	5.46%	5.06%	4.37%	4.14%
2016 Avg	9.51%	4.68%	4.91%	5.18%	5.24%	5.03%	4.83%	4.60%	4.33%	4.27%	4.48%
2017 1Q	9.60%	4.61%	4.59%	4.21%	4.61%	5.30%	4.99%	5.01%	5.39%	4.99%	4.30%
2017 2Q	9.47%	4.44%	4.61%	4.59%	4.21%	4.61%	5.03%	4.86%	4.88%	5.26%	4.86%
2017 3Q	10.14%	4.28%	4.44%	4.61%	4.59%	4.21%	5.86%	5.70%	5.53%	5.55%	5.93%
2017 4Q	9.70%	4.19%	4.28%	4.44%	4.61%	4.59%	5.51%	5.42%	5.26%	5.09%	5.11%
2017 Avg	9.73%	4.38%	4.48%	4.46%	4.50%	4.68%	5.35%	5.25%	5.27%	5.22%	5.05%
2018 1Q	9.68%	4.37%	4.19%	4.28%	4.44%	4.61%	5.31%	5.49%	5.40%	5.24%	5.07%
2018 2Q	9.43%	4.67%	4.37%	4.19%	4.28%	4.44%	4.76%	5.06%	5.24%	5.15%	4.99%
2018 3Q	9.71%	4.68%	4.67%	4.37%	4.19%	4.28%	5.03%	5.04%	5.34%	5.52%	5.43%
2018 4Q	9.53%	4.95%	4.68%	4.67%	4.37%	4.19%	4.58%	4.85%	4.86%	5.16%	5.34%
2018 Avg	9.59%	4.67%	4.48%	4.38%	4.32%	4.38%	4.92%	5.11%	5.21%	5.27%	5.21%
2019 1Q	9.55%	4.78%	4.95%	4.68%	4.67%	4.37%	4.77%	4.60%	4.87%	4.88%	5.18%
2019 2Q	9.73%	4.44%	4.78%	4.95%	4.68%	4.67%	5.29%	4.95%	4.78%	5.05%	5.06%
2019 3Q	9.95%	3.82%	4.44%	4.78%	4.95%	4.68%	6.13%	5.51%	5.17%	5.00%	5.27%
2019 4Q	9.73%	3.74%	3.82%	4.44%	4.78%	4.95%	5.99%	5.91%	5.29%	4.95%	4.78%
2019 Avg	9.74%	4.20%	4.50%	4.72%	4.77%	4.67%	5.54%	5.24%	5.02%	4.97%	5.07%
2020 1Q	9.35%	3.66%	3.74%	3.82%	4.44%	4.78%	5.69%	5.61%	5.53%	4.91%	4.57%
2020 2Q	9.80%	3.63%	3.66%	3.74%	3.82%	4.44%	6.17%	6.14%	6.06%	5.98%	5.36%
2020 Avg	9.58%	3.65%	3.70%	3.78%	4.13%	4.61%	5.93%	5.88%	5.80%	5.44%	4.96%
2015-2020 Average	9.64%	4.48%	4.54%	4.58%	4.62%	4.70%	5.16%	5.10%	5.06%	5.02%	4.94%

1/ Quarterly authorized ROEs as contained in Ms. Bulkley's testimony, Exhibit No.____(AEB-2), Schedule 5, page 2.

AVERAGE MONTHLY YIELDS ON BBB-RATED PUBLIC UTILITY BONDS

Period	Month 1	Month 2	Month 3	Average	Quarterly Averages with Lags of:				
					0 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr
2014 1Q	5.09%	5.01%	5.00%	5.03%	5.03%				
2014 2Q	4.85%	4.69%	4.73%	4.76%	4.76%	5.03%			
2014 3Q	4.66%	4.65%	4.79%	4.70%	4.70%	4.76%	5.03%		
2014 4Q	4.67%	4.75%	4.70%	4.71%	4.71%	4.70%	4.76%	5.03%	
2015 1Q	4.39%	4.44%	4.51%	4.45%	4.45%	4.71%	4.70%	4.76%	5.03%
2015 2Q	4.51%	4.91%	5.13%	4.85%	4.85%	4.45%	4.71%	4.70%	4.76%
2015 3Q	5.22%	5.23%	5.42%	5.29%	5.29%	4.85%	4.45%	4.71%	4.70%
2015 4Q	5.47%	5.57%	5.55%	5.53%	5.53%	5.29%	4.85%	4.45%	4.71%
2016 1Q	5.49%	5.28%	5.12%	5.30%	5.30%	5.53%	5.29%	4.85%	4.45%
2016 2Q	4.75%	4.60%	4.47%	4.61%	4.61%	5.30%	5.53%	5.29%	4.85%
2016 3Q	4.16%	4.20%	4.27%	4.21%	4.21%	4.61%	5.30%	5.53%	5.29%
2016 4Q	4.34%	4.64%	4.79%	4.59%	4.59%	4.21%	4.61%	5.30%	5.53%
2017 1Q	4.62%	4.58%	4.62%	4.61%	4.61%	4.59%	4.21%	4.61%	5.30%
2017 2Q	4.51%	4.50%	4.32%	4.44%	4.44%	4.61%	4.59%	4.21%	4.61%
2017 3Q	4.36%	4.23%	4.24%	4.28%	4.28%	4.44%	4.61%	4.59%	4.21%
2017 4Q	4.26%	4.16%	4.14%	4.19%	4.19%	4.28%	4.44%	4.61%	4.59%
2018 1Q	4.18%	4.42%	4.52%	4.37%	4.37%	4.19%	4.28%	4.44%	4.61%
2018 2Q	4.58%	4.71%	4.71%	4.67%	4.67%	4.37%	4.19%	4.28%	4.44%
2018 3Q	4.67%	4.64%	4.74%	4.68%	4.68%	4.67%	4.37%	4.19%	4.28%
2018 4Q	4.91%	5.03%	4.92%	4.95%	4.95%	4.68%	4.67%	4.37%	4.19%
2019 1Q	4.94%	4.76%	4.65%	4.78%	4.78%	4.95%	4.68%	4.67%	4.37%
2019 2Q	4.55%	4.47%	4.31%	4.44%	4.44%	4.78%	4.95%	4.68%	4.67%
2019 3Q	4.13%	3.63%	3.71%	3.82%	3.82%	4.44%	4.78%	4.95%	4.68%
2019 4Q	3.72%	3.76%	3.73%	3.74%	3.74%	3.82%	4.44%	4.78%	4.95%
2020 1Q	3.60%	3.42%	3.96%	3.66%	3.66%	3.74%	3.82%	4.44%	4.78%
2020 2Q	3.82%	3.63%	3.44%	3.63%	3.63%	3.66%	3.74%	3.82%	4.44%

Source: Mergent Bond Record.