

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Complainant,

v.

CASCADE NATURAL GAS CORPORATION,

Respondent.

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DOCKET UG-200568

**MARK E. GARRETT ON BEHALF OF PUBLIC COUNSEL**

**EXHIBIT MEG-11**

Cost of Capital

November 19, 2020

**Cascade Natural Gas Company**  
Public Counsel Unit Cost of Capital  
Twelve Months Ended December 31, 2019; Docket No. UG-200568

Line No.	Description	Capital Structure	Cost	Weighted Cost of Capital	Revenue Conversion Factor <sup>2</sup>	Pre-Tax Weighted Cost
<u>Requested Amounts<sup>1</sup></u>						
1	Long-Term Debt	49.60%	4.745%	2.353%	1.04661616	2.463%
2	Common Equity	50.40%	10.30%	5.191%	1.32483058	6.877%
3	Totals	100.00%		7.544%		9.340%
<u>PCU Recommended Capital Structure</u>						
4	Long-Term Debt	50.90%	4.745%	2.415%	1.04661616	2.528%
5	Common Equity	49.10%	10.30%	5.057%	1.32483058	6.700%
6	Totals	100.00%		7.472%		9.228%
7	PCU Capital Structure Adjustment			-0.072%		-0.112%
<u>PCU Recommended Return on Equity</u>						
8	Long-Term Debt	50.90%	4.745%	2.415%	1.04661616	2.528%
9	Common Equity	49.10%	9.00%	4.419%	1.32483058	5.854%
10	Totals	100.00%		6.834%		8.382%
11	PCU ROE Adjustment			-0.638%		-0.846%

Note 1: CNGC requested capital structure from MCP WP-1.5.

Note 2: Revenue conversion factor for Exh MCP-4 - Conversion Factor.

<u>Test Year Average Amounts</u>		From				
		Nygaard pg 5				
	Long-Term Debt	52.15%	4.745%	2.474%	1.04661616	2.589%
	Common Equity	47.85%	9.30%	4.450%	1.32483058	5.895%
	Totals	100.00%		6.924%		8.485%
<u>CNGC Requested Amounts</u>						
	Long-Term Debt	49.60%	4.745%	2.353%	1.04661616	2.463%
	Common Equity	50.40%	10.30%	5.191%	1.32483058	6.877%
	Totals	100.00%		7.545%		9.340%
	CNGC Cost of Capital Adjustment			0.621%		0.856%