EXH. MDM-9 DOCKETS UE-190529/UG-190530 UE-190274/UG-190275 2019 PSE GENERAL RATE CASE WITNESS: MATTHEW D. MCARTHUR

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

Docket UE-190529 Docket UG-190530 (Consolidated)

PUGET SOUND ENERGY,

Respondent.

In the Matter of the Petition of

PUGET SOUND ENERGY

For an Order Authorizing Deferral Accounting and Ratemaking Treatment for Short-life IT/Technology Investment Docket UE-190274 Docket UG-190275 (Consolidated)

SECOND EXHIBIT (NONCONFIDENTIAL) TO THE PREFILED REBUTTAL TESTIMONY OF

MATTHEW D. MCARTHUR

ON BEHALF OF PUGET SOUND ENERGY

JANUARY 15, 2020

Puget Sound Energy

Utility Capital Structure Proposed Cost of Capital and Rate of Return Requested For Rate Year April 2020 through March 2021

1	(A)	(B)	(C)	(D)	(E)
2	General	Rate Case Request			
3					
4				Cost	Cost of
5	Description		Ratio	Rates	<u>Capital</u>
6					
7	Marginal Short-Term Debt Rate		2.3%	4.18%	0.10%
8	Commitment Fees				0.02%
9	Amortization of Short-Term Debt Issue Cost				0.01%
10	Weighted Short-Term Debt Rate				0.13%
11	Marginal Long-Term Debt Rate		49.2%	5.51%	2.71%
12	Amortization of Reacquired Debt				0.03%
13	Weighted Long-Term Debt Rate				2.74%
14	Total Debt		51.5%		2.87%
15	Common Equity		48.5%	9.70%	<u>4.70%</u>
16	Total		<u>100.0%</u>		<u>7.57%</u>

Puget Sound Energy Requested Cost of Debt For The 12 Months Ended March 31, 2021

1	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
2 3					Net			
4 5	Bond	Interest Rate	Issue Date	Maturity Date	Proceeds Per \$100 (i)	Cost Rate (ii)	Annual Charge (\$'000)	Principal in 000's
6	MTN-A	6.740%	Jun-98	Jun-18	98.99	6.83%		
7	MTN-C	7.150%	Dec-95	Dec-25	99.21	7.21%	1,082	15,000
8	MTN-C	7.200%	Dec-95	Dec-25	99.21	7.26%	145	2,000
9	MTN-A	7.020%	Dec-97	Dec-27	98.99	7.10%	21,300	300,000
10	MTN-B	7.000%	Mar-99	Mar-29	99.04	7.08%	7,080	100,000
11	PCB	3.900%	May-13	Mar-31	98.94	3.98%	5,511	138,460
12	PCB	4.000%	May-13	Mar-31	98.94	4.08%	955	23,400
13	SN	5.483%	May-05	Jun-35	84.89	6.65%	16,625	250,000
14	SN	6.724%	Jun-06	Jun-36	107.52	6.17%	15,425	250,000
15	SN	6.274%	Sep-06	Mar-37	98.81	6.36%	19,080	300,000
16	SN	5.757%	Sep-09	Oct-39	98.98	5.83%	20,405	350,000
17	SN	5.795%	Mar-10	Mar-40	98.96	5.87%	19,078	325,000
18	SN	5.764%	Jun-10	Jul-40	98.97	5.84%	14,600	250,000
19	SN	5.638%	Mar-11	Apr-41	98.97	5.71%	17,130	300,000
20	SN	4.434%	Nov-11	Nov-41	98.96	4.50%	11,250	250,000
21	SN	4.700%	Nov-11	Nov-51	98.86	4.76%	2,142	45,000
22	SN	4.300%	May-15	May-45	98.48	4.39%	18,658	425,000
23	SN	4.223%	Jun-18	Jun-48	98.89	4.29%	25,740	600,000
24	Total First M	ortgage Bonds	and Senior I	Notes			216,204	3,923,860
25								
26								
27	Total Long-ter	m Debt Cost o	f Interest			5.51%	216,204	3,923,860
28						_		
29	Short-Term De	ebt Cost of Inte	erest			4.18%	7,745	\$185,103
30	Blended Cost	of Interest (S	Γ< Debt)		(iii)	5.45%	223,949	\$4,108,963
31					:			
32	Projected AM	A Long-term	Debt in Rate	year (\$ in 00	0's)		\$3,923,860	
33	Requested Lo	_			•		49.2%	
34	Implied AMA	_			000's)		\$7,978,569	
2.5	•				,		, , ,	

35

^{36 (}i) Net proceeds are face amount less underwriter's fees and issuance expenses.

^{37 (}ii) Cost Rate for each bond is the yield to maturity based on net proceeds.

⁽iii) For blended cost of interest for short-term debt and long-term debt, the cost rate is the total annual interest charge divided bythe average outstanding balance for the period.

Puget Sound Energy Short Term Debt Interest and Fees Details For The 12 Months Ended March 31, 2021

4.854.01 S185.10 <	(¥)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(1)	(2)	(K)	(F)	(M)	2	(0)
The communication of the commu		Mar-20 \$185,103	Apr-20 \$185,103	May-20 \$185,103	Jun-20 \$185,103	Jul-20 \$185,103	Aug-20 \$185,103	Sep-20 \$185,103	Oct-20 \$185,103	Nov-20 \$185,103	Dec-20 \$185,103	Jan-21 \$185,103	Feb-21 \$185,103	Mar-21 \$185,103	Avg of Mo Avg \$185,103
Cock Fieldings (Fig. 92, 25) 9	Borrowings (000's):														
Color Statistic Statisti	Commercial Paper (CP)	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551
Michael Landon SIRS, (10) SIR	Credit Facilities	92,551	92,551	92,551	92,551	92,551	92,551	92,551	92,551	92,551	92,551	92,551	92,551	92,551	\$92,551
Interest to the components 1.5% 1.2%	Total Short-term Debt	\$185,103	\$185,103	\$185,103	\$185,103	\$185,103	\$185,103	\$185,103	\$185,103	\$185,103	\$185,103	\$185,103	\$185,103	\$185,103	\$185,103
Protect LIDE Obtaced (mo.) 3378, 3															
Eact Or Symmoth 12355 12356 12		3.36%	3.37%	3.36%	3.35%	3.34%	3.33%	3.33%	3.32%	3.32%	3.31%	3.30%	3.29%	3.30%	
Oditi Entiliach Magny 1235, 12		0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	
Ordi Facilities A 647% 648% 648% 648% 648% 648% 648% 648% 648		1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
Controllegies Actival Applies Actival Appl															
Continuities 4,67% 4,67% 4,57% 4,17%	CP	3.71%	3.72%	3.71%	3.70%	3.69%	3.68%	3.68%	3.67%	3.67%	3.66%	3.65%	3.64%	3.65%	
Number of Days in North Chain contributions (1) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2	Credit Facilities	4.61%	4.62%	4.61%	4.60%	4.59%	4.58%	4.58%	4.57%	4.57%	4.56%	4.55%	4.54%	4.55%	
State Court beat beat State St			30	31	30	31	31	30	31	30	31	31	28	31	
Contact cont	Interest Expense (i):														Totals
Confunctional processing files SSSSSSINS SSSSSINS SSSSINS SSSSSINS SSSSSSINS SSSSSSSSINS SSSSSSSSSSSSSSSSSSSSSSSSSSSSSSSSSSSS	CP Interest		\$286,846	\$296,012	\$285,674	\$294,315	\$293,560	\$283,618	\$292,680	\$282,724	\$291,362	\$290,588	\$262,162	\$290,553	\$3,450,094
Total Interest	Credit Facilities Interest		\$356,260	\$367,739	\$355,088	\$366,042	\$365,288	\$353,031	\$364,407	\$352,137	\$363,089	\$362,316	\$326,948	\$362,281	\$4,294,626
Augy Monthly Barrowing Rate Land Land Land Land Land Land Land Land	Total Interest		643,106	663,751	640,762	660,357	658,848	636,649	657,087	634,861	654,451	652,904	589,110	652,834	\$7,744,720
Low Commitment (800 9): Sign (800 00) Sign (800 00) <t< td=""><td>Avg Monthly Borrowing Rate</td><td></td><td>4.17%</td><td>4.16%</td><td>4.15%</td><td>4.14%</td><td>4.13%</td><td>4.13%</td><td>4.12%</td><td>4.12%</td><td>4.11%</td><td>4.10%</td><td>4.09%</td><td>4.10%</td><td>4.18%</td></t<>	Avg Monthly Borrowing Rate		4.17%	4.16%	4.15%	4.14%	4.13%	4.13%	4.12%	4.12%	4.11%	4.10%	4.09%	4.10%	4.18%
Certif heality Commitment \$800,000 \$800															
Lonn & LOC Utilization S92,551,39 S92,551 S92,551,39 S92,551,39 S92,551,39 S92,551,30 S92,51 S92,51,40 S92,51,40 <td></td> <td>\$800,000</td> <td></td>		\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	
St07,449 S707,449		\$92,551.39	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	\$92,551	
Patter 1,175% S105,609 \$105,609 \$105,170 \$106,609 \$105,170 \$106,609 \$105,170 \$106,609 \$106,609 \$105,170 \$106,609 <th< td=""><td>Unutilized Portion</td><td>\$707,449</td><td>\$707,449</td><td>\$707,449</td><td>\$707,449</td><td>\$707,449</td><td>\$707,449</td><td>\$707,449</td><td>\$707,449</td><td>\$707,449</td><td>\$707,449</td><td>\$707,449</td><td>\$707,449</td><td>\$707,449</td><td></td></th<>	Unutilized Portion	\$707,449	\$707,449	\$707,449	\$707,449	\$707,449	\$707,449	\$707,449	\$707,449	\$707,449	\$707,449	\$707,449	\$707,449	\$707,449	
Constanting under Creating Capacity (18 to 1954) S105,609 S105,104 S105,609 S1		Rate	6	000	000	000	0	6	000	6	000	000	000	000	1
1,000% 1	Commitment Fees (Unutilized portion)	0.1/5%	\$103,170	\$106,609	\$103,170	\$106,609	\$106,609	\$103,170	\$106,609	\$103,170	\$106,609	\$106,609	\$96,292	\$106,609	\$1,255,230
LC Outstanding under Crafting (200%) SS SD	Total Commitment Fees		\$103,170	\$106,609	\$103,170	\$106,609	\$106,609	\$103,170	\$106,609	\$103,170	\$106,609	\$106,609	\$96,292	\$106,609	\$1,255,230
Contaminating under CA Agenth (100%) S.2.44		1.000%	G	G	6	Ş	6	6	6	6	6	6	6	6	
1,000% S.2,345 S.2,435 S.2,286 S.2,2	1 Contetanding with Wells (000's)		\$2.814	\$0 \$7.814	62 814	259 C3	00 00	00 00	00 63	00° C3	000	000	559 C3	259 C3	
Short Term Debt Issue Cost Amortization:		1.000%	\$2,345	\$2.423	\$2,345	\$2,239	\$2.286	\$2.212	\$2,286	\$2,233	\$2,286	\$2,286	\$2,055	\$2,235	\$27.319
Short Tem Debt Issue Cost Amortization: Solution Sign Sign Sign Sign Sign Sign Sign Sig												Comr	nitment Fees + L	etter of Credit	\$1,282,549
Short Term Debt Issue Cost Amortization: Softonm Deptidistive Relatione (18100683) So So <td></td> <td>In</td> <td>unlind Rate Vear</td> <td>Capitalization</td> <td>47 978 568 574</td>												In	unlind Rate Vear	Capitalization	47 978 568 574
Short Term Debt Issue Cost Amortization: Submer Dept Issue Cost Amortization: Submer Debt Issue Cost Amor												We	ight Cost of Con	unitment Fees	0.02%
Seg0mm Liquidity Fac (18100673) S10.211 S10.211 <th< td=""><td></td><td>n: 083/18900403)</td><td>9</td><td>9</td><td>0\$</td><td>9</td><td>0\$</td><td>0\$</td><td>0\$</td><td>0\$</td><td>O\$</td><td>0\$</td><td>0\$</td><td>9</td><td>9</td></th<>		n: 083/18900403)	9	9	0\$	9	0\$	0\$	0\$	0\$	O\$	0\$	0\$	9	9
Softomus Liquidity Fac (18100673) S10,211 <		00423)	0\$	0\$	08	0\$. 08	0\$	08	0\$	0\$	0\$	0\$	0\$	05
S650mm Lquidity Refinance (18900443) S2.285 S2.281 S2.281 S		`	\$10,211	\$10,211	\$10,211	\$10.211	\$10,211	\$10,211	\$10.211	\$10,211	\$10,211	\$10,211	\$10,211	\$10,211	\$122,537
S800mm Liquidity Fac (18100683) \$46,205 <th< td=""><td></td><td></td><td>\$2,285</td><td>\$2,285</td><td>\$2,285</td><td>\$2.285</td><td>\$2,285</td><td>\$2,285</td><td>\$2,285</td><td>\$2,285</td><td>\$2,285</td><td>\$2,285</td><td>\$2,285</td><td>\$2,285</td><td>\$27.421</td></th<>			\$2,285	\$2,285	\$2,285	\$2.285	\$2,285	\$2,285	\$2,285	\$2,285	\$2,285	\$2,285	\$2,285	\$2,285	\$27.421
S650mm Lquidity Refinance (18900473) \$1,580 \$			\$46,205	\$46,205	\$46,205	\$46.205	\$46,205	\$46,205	\$46.205	\$46,205	\$46,205	\$46,205	\$46,205	\$46,205	\$554.456
Total Amortization \$60,281			\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$18,961
		ļ	\$60,281	\$60,281	\$60,281	\$60,281	\$60,281	\$60,281	\$60,281	\$60,281	\$60,281	1	\$60,281		\$723,375

40 (i) Monthly short-term interest is calculated on the average balance for the month times the interest rate for the month times the actual days in the month divided by 360 days.

Puget Sound Energy Schedule of Annual Charges on Reacquired Debt For The 12 Months Ended March 31, 2021

Issue	Issue	(C) Maturity	(E) Redemption	(E) Refinance	(F) Refinance	(G) Maturity Date	(H) Monthly	(I) No. of Months	(J) Annual
Anger Carrier and	Date	Date	Date	Issue	Date	for Amort.	Amortization (i)	in Period	Amortization (i)
9.14% PP	21-Jun-91	21-Jun-01	15-Jun-98	20 Yr 6.740%	15-Jun-98	15-Jun-18	\$292	9	\$1,749
WNG 8.4%	13-Jan-92	12-Jan-22	21-Mar-03			12-Jan-22	\$95	12	\$1,141
WNG 8.39%	13-Jan-92	13-Jan-22	21-Mar-03			13-Jan-22	\$222	12	\$2,663
WNG 8.25%	12-Aug-92	12-Aug-22	29-May-03			12-Aug-22	\$5,207	12	\$62,486
WNG 7.19%	18-Aug-93	18-Aug-23	18-Aug-03			18-Aug-23	\$888	12	\$10,656
10 9.625% PP	15-Oct-90	15-Oct-97	7-Feb-94	30 Yr 7.350%	1-Feb-94	1-Feb-24	\$14,073	12	\$168,880
8.231% Capital Trust I (Tender)	26-unf-9	1-Jun-27	1-Jun-05			1-Jun-27	\$19,150	12	\$229,804
PCB Series 1991A	7-Aug-91	1-Aug-21	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$3,790	12	\$45,480
13 PCB Series 1991B	7-Aug-91	1-Aug-21	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$2,880	12	\$34,561
14 PCB Series 1992	1-Mar-92	1-Mar-22	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$8,819	12	\$105,825
15 PCB Series 1993	1-Mar-92	1-Mar-22	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$2,691	12	\$32,298
16 PCB Series 2003	11-Mar-03	1-Mar-31	24-Jun-13	2013 PCB's	23-May-13	1-Mar-31	\$24,927	12	\$299,129
PCB Series 2003	11-Mar-03	1-Mar-31	24-Jun-13	2013 PCB's	23-May-13	1-Mar-31	\$4,213	12	\$50,553
18 \$200mm VRN	15-Jul-04	15-Jul-06	27-May-05	30 Yr 5.483%	27-May-05	27-May-35	\$1,424	12	\$17,087
19 8.40% Capital Trust II	24-May-01	30-Jun-41	30-Jun-06	30 Yr 6.724%	30-Jun-06	15-Jun-36	\$16,418	12	\$197,021
20 \$25M 9.57% Gas FMB's	1-Sep-90	1-Sep-20	23-Dec-11	40 Yr 4.70%	22-Nov-11	15-Nov-51	\$33,377	12	\$400,519
SN 5.197%	12-Oct-05	1-Oct-15	5-Jun-15	30 Yr 4.30%	26-May-15	20-May-45	\$6,859	12	\$82,302
SN 6.75%	23-Jan-09	15-Jan-16	5-Jun-15	$30 \mathrm{\ Yr}\ 4.30\%$	26-May-15	20-May-45	\$26,387	12	\$316,650
Jr. Subordinated Notes	4-Jun-07	1-Jun-67	27-Apr-18			1-Jun-67			\$75,166
								,	
25 Total Amortization on Reacquired Debt	bt							' '	\$2,133,971
26								11	

27 Implied Rate Year Capitalization
28
29 Weighted Cost of Reacquired Debt
30
31 (i) Amortization is over life of replacement issue or remaining life of called bond if no replacement issue.

0.03%

\$7,978,568,524