

**EXH. MDM-8
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.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-190529
Docket UG-190530 (*Consolidated*)**

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*)**

**FIRST 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

	(A)	(B)	(C)	(D)	(E)
	General Rate Case Request				
				Cost	Cost of
Description			Ratio	Rates	Capital
Marginal Short-Term Debt Rate			2.3%	4.18%	0.10%
Commitment Fees					0.02%
Amortization of Short-Term Debt Issue Cost					0.01%
Weighted Short-Term Debt Rate					0.13%
Marginal Long-Term Debt Rate			49.2%	5.51%	2.71%
Amortization of Reacquired Debt					0.03%
Weighted Long-Term Debt Rate					2.74%
Total Debt			51.5%		2.87%
Common Equity			48.5%	9.50%	4.61%
Total			100.0%		7.48%

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

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
					Net				
		Interest	Issue	Maturity	Proceeds	Cost Rate	Annual Charge	Principal	
	Bond	Rate	Date	Date	Per \$100 (i)	(ii)	(\$'000)	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 Mortgage Bonds and Senior Notes							216,204	3,923,860
25									
26									
27	Total Long-term Debt Cost of Interest					5.51%	216,204	3,923,860	
28									
29	Short-Term Debt Cost of Interest					4.18%	7,745	\$185,103	
30	Blended Cost of Interest (ST&LT Debt)					(iii) 5.45%	223,949	\$4,108,963	
31									
32	Projected AMA Long-term Debt in Rate year (\$ in 000's)						\$3,923,860		
33	Requested Long-term Debt Ratio in Rate Year						49.2%		
34	Implied AMA Total Capitalization in Rate Year (\$ in 000's)						\$7,978,569		

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.

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

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

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Avg of Mo. Avg	
1	\$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	\$185,103
2	\$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	\$92,551
3	\$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	\$185,103
4															
5	3.36%	3.37%	3.36%	3.36%	3.34%	3.33%	3.33%	3.32%	3.32%	3.31%	3.30%	3.29%	3.29%	3.30%	3.30%
6	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%	0.35%	0.35%
7	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%	1.25%	1.25%
8	3.71%	3.72%	3.71%	3.71%	3.70%	3.69%	3.68%	3.67%	3.67%	3.67%	3.66%	3.65%	3.64%	3.65%	3.65%
9	4.61%	4.62%	4.61%	4.61%	4.60%	4.59%	4.58%	4.57%	4.57%	4.57%	4.56%	4.55%	4.54%	4.55%	4.55%
10	30	30	31	31	30	31	30	31	31	30	31	31	28	31	31
11	\$286,846	\$296,012	\$294,315	\$293,560	\$285,618	\$292,680	\$282,724	\$291,362	\$290,588	\$262,162	\$290,553	\$290,588	\$262,162	\$290,553	\$3,450,094
12	\$356,260	\$367,739	\$355,088	\$366,042	\$365,288	\$365,031	\$364,407	\$352,137	\$363,089	\$362,281	\$362,281	\$362,281	\$362,281	\$362,281	\$4,294,626
13	643,106	663,751	640,762	660,357	658,848	658,461	657,087	634,861	654,451	652,904	652,904	652,904	652,904	652,904	\$7,744,720
14	4.17%	4.16%	4.15%	4.14%	4.13%	4.13%	4.12%	4.12%	4.12%	4.11%	4.10%	4.09%	4.10%	4.10%	4.18%
15	\$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	\$800,000	\$800,000
16	\$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	\$92,551	\$92,551
17	\$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	\$707,449	\$707,449
18	\$103,170	\$106,609	\$103,170	\$106,609	\$106,609	\$106,609	\$103,170	\$106,609	\$103,170	\$106,609	\$106,609	\$106,609	\$96,292	\$106,609	\$1,255,230
19	\$103,170	\$106,609	\$103,170	\$106,609	\$106,609	\$106,609	\$103,170	\$106,609	\$103,170	\$106,609	\$106,609	\$106,609	\$96,292	\$106,609	\$1,255,230
20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	\$2,814	\$2,814	\$2,814	\$2,814	\$2,655	\$2,655	\$2,655	\$2,655	\$2,655	\$2,655	\$2,655	\$2,655	\$2,655	\$2,655	\$2,655
22	\$2,345	\$2,423	\$2,345	\$2,386	\$2,286	\$2,286	\$2,212	\$2,286	\$2,212	\$2,286	\$2,286	\$2,286	\$2,065	\$2,286	\$2,319
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Implied Rate Year Capitalization \$1,282,549
Weight Cost of Commitment Fees \$1,255,230
Implied Rate Year Capitalization \$7,978,568,524
Weight Cost of Short-Term Debt Issuance Cost Amortization \$723,375
0.01%

40 (f) 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

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Issue	Issue Date	Maturity Date	Redemption Date	Refinance Issue	Refinance Date	Maturity Date for Amort.	Monthly Amortization (i)	No. of Months in Period	Annual Amortization (i)
1									
2									
3									
4									
5	9.14% PP	21-Jun-91	15-Jun-98	20 Yr 6.740%	15-Jun-98	15-Jun-18	\$292	6	\$1,749
6	WNG 8.4%	13-Jan-92	21-Mar-03			12-Jan-22	\$95	12	\$1,141
7	WNG 8.39%	13-Jan-92	21-Mar-03			13-Jan-22	\$222	12	\$2,663
8	WNG 8.25%	12-Aug-92	29-May-03			12-Aug-22	\$5,207	12	\$62,486
9	WNG 7.19%	18-Aug-93	18-Aug-03			18-Aug-23	\$888	12	\$10,656
10	9.625% PP	15-Oct-90	7-Feb-94	30 Yr 7.350%	1-Feb-94	1-Feb-24	\$14,073	12	\$168,880
11	8.231% Capital Trust I (Tender)	6-Jun-97	1-Jun-05			1-Jun-27	\$19,150	12	\$229,804
12	PCB Series 1991A	7-Aug-91	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$3,790	12	\$45,480
13	PCB Series 1991B	7-Aug-91	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$2,880	12	\$34,561
14	PCB Series 1992	1-Mar-92	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$8,819	12	\$105,825
15	PCB Series 1993	1-Mar-92	11-Mar-03	2003 PCB's	11-Mar-03	1-Mar-31	\$2,691	12	\$32,298
16	PCB Series 2003	11-Mar-03	24-Jun-13	2013 PCB's	23-May-13	1-Mar-31	\$24,927	12	\$299,129
17	PCB Series 2003	11-Mar-03	24-Jun-13	2013 PCB's	23-May-13	1-Mar-31	\$4,213	12	\$50,553
18	\$200mm VRN	15-Jul-04	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-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	23-Dec-11	40 Yr 4.70%	22-Nov-11	15-Nov-51	\$33,377	12	\$400,519
21	SN 5.197%	12-Oct-05	5-Jun-15	30 Yr 4.30%	26-May-15	20-May-45	\$6,859	12	\$82,302
22	SN 6.75%	23-Jan-09	5-Jun-15	30 Yr 4.30%	26-May-15	20-May-45	\$26,387	12	\$316,650
23	Jr. Subordinated Notes	4-Jun-07	27-Apr-18			1-Jun-67			\$75,166
24									
25	Total Amortization on Reacquired Debt								\$2,133,971
26									
27	Implied Rate Year Capitalization								\$7,978,568,524
28									
29	Weighted Cost of Reacquired Debt								0.03%
30									
31	(i) Amortization is over life of replacement issue or remaining life of called bond if no replacement issue.								