

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

WUTC STAFF DATA REQUEST NO. 244:

In Exh. RAM-12T on page 89 lines 4-5, Dr. Morin states that Mr. Parcell “did not account for PSE’s more leveraged capital structure relative to that of his first peer group.” Please admit that Dr. Morin did not make any leveraged capital structure adjustment in his own cost of capital analyses and conclusions. If not admitted, please indicate the basis point adjustment made by Dr. Morin due to PSE’s capital structure relative to the proxy group used by Dr. Morin. If not admitted, please also indicate where in Dr. Morin’s testimony and/or exhibits this adjustment is calculated.

Response:

Dr. Morin did not make any leveraged capital structure adjustment in his own cost of capital analyses because, as shown on the table below, the projected average common equity ratios of his electric utility peer group were 47.6% and 48.7% for 2020 and 2021-2023, respectively, which compare favorably to Puget Sound Energy’s 48.5% common equity ratio. Therefore, Dr. Morin did not need to perform a capital structure adjustment.

Electric Utility Proxy Group Common Equity Ratio

	Company	Ticker	2020 Com-Eq	2023 Com-Eq
1	Alliant Energy	LNT	48.0	48.0
2	Ameren Corp.	AEE	49.0	49.5
3	Avista	AVA	48.0	48.0
4	Black Hills	BKH	42.0	50.5
5	CMS Energy Corp.	CMS	33.0	36.5
6	CenterPoint	CNP	43.0	48.5
7	Chesapeake Util	CPK	68.0	70.0
8	Consol. Edison	ED	49.0	49.5
9	Dominion Resources	D	44.0	41.0
10	DTE Energy	DTE	47.5	46.5
11	Duke Energy	DUK	44.5	43.5

Electric Utility Proxy Group Common Equity Ratio

	Company	Ticker	2020 Com-Eq	2023 Com-Eq
12	Eversource Energy	ES	46.0	43.5
13	Exelon Corp	EXC	49.0	51.0
14	Fortis	FTS	40.0	42.5
15	MGE Energy	MGEE	62.5	64.0
16	NorthWestern Corp.	NWE	51.5	53.5
17	Public Serv. Enterprise	PEG	52.0	50.0
18	Sempra	SRE	40.5	44.5
19	WEC Energy Group	WEC	52.5	50.0
20	Xcel Energy Inc.	XEL	42.0	43.0
	AVERAGE		47.6	48.7

Source: Value Line reports 2019