

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

Docket UG-200568

Washington Utilities & Transportation Commission v. Cascade Natural Gas Corp.

**RESPONSE OF PUBLIC COUNSEL TO CASCADE NATURAL GAS CORP.
DATA REQUEST NO. 5**

Request No: 5
Directed to: Dr. J. Randall Woolridge
Date Received: December 2, 2020
Date Produced: December 9, 2020
Prepared by: Dr. J. Randall Woolridge
Witnesses: Dr. J. Randall Woolridge

CASCADE DATA REQUEST NO. 5:

Re: Return on Equity

5. Referencing Dr. Woolridge's response testimony at page 19, lines 1 through 3. Dr. Woolridge states that "[w]hile my recommendation is below the average authorized ROEs for gas distribution companies, it reflects the record low levels of interest rates and capital costs." Does Dr. Woolridge agree that by recommending an ROE well below the average authorized ROEs for natural gas distribution companies, his recommendation is well below the authorized ROEs of companies that investors would consider comparable in risk to Cascade?

RESPONSE:

Yes and no. Dr. Woolridge does acknowledge in his testimony, Exhibit JRW-1Tr, that his recommendation is below the authorized ROEs for gas companies. However, these authorized ROEs were for rate cases in the past, and in his opinion equity cost rates have declined in 2020 with the decline in interest rates and capital costs. Presumably, these authorized ROEs are for gas companies of similar risk.