

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

|  |   |   |
|--|---|---|
| <b>WASHINGTON UTILITIES AND<br/>TRANSPORTATION COMMISSION,</b> | ) |   |
|  | ) |   |
| <b>Complainant,</b>  | ) |   |
|  | ) |   |
| <b>v.</b>  | ) | <b>DOCKETS UE-160228 and<br/>UG-160229 (Consolidated)</b> |
|  | ) |   |
| <b>AVISTA CORPORATION, DBA<br/>AVISTA UTILITIES,</b>           | ) |   |
|  | ) |   |
| <b>Respondent.</b>   | ) |   |
| <hr/>  | ) |   |

**EXHIBIT NO. MPG-9**

**SUSTAINABLE GROWTH RATE**

**AUGUST 17, 2016**

## Avista Corporation

### Sustainable Growth Rate

| Line | Company                               | 3 to 5 Year Projections |               |                |              |               |             |               |               |               | Sustainable Growth Rate |              |
|------|---------------------------------------|-------------------------|---------------|----------------|--------------|---------------|-------------|---------------|---------------|---------------|-------------------------|--------------|
|      |                                       | Dividends               | Earnings      | Book Value     | Book Value   | ROE           | Adjustment  | Adjusted      | Payout        | Retention     |                         | Internal     |
|      |                                       | Per Share               | Per Share     | Per Share      | Growth       | (5)           | Factor      | ROE           | Ratio         | Rate          |                         | Growth Rate  |
|      |                                       | (1)                     | (2)           | (3)            | (4)          | (5)           | (6)         | (7)           | (8)           | (9)           | (10)                    | (11)         |
| 1    | ALLETE, Inc.                          | \$2.40                  | \$3.75        | \$43.75        | 3.37%        | 8.57%         | 1.02        | 8.71%         | 64.00%        | 36.00%        | 3.14%                   | 3.51%        |
| 2    | Ameren Corporation                    | \$2.05                  | \$3.25        | \$33.75        | 3.35%        | 9.63%         | 1.02        | 9.79%         | 63.08%        | 36.92%        | 3.61%                   | 3.61%        |
| 3    | American Electric Power Company, Inc. | \$2.75                  | \$4.25        | \$44.00        | 3.84%        | 9.66%         | 1.02        | 9.84%         | 64.71%        | 35.29%        | 3.47%                   | 3.77%        |
| 4    | Avista Corporation                    | \$1.60                  | \$2.50        | \$28.50        | 3.05%        | 8.77%         | 1.01        | 8.90%         | 64.00%        | 36.00%        | 3.21%                   | 4.02%        |
| 5    | CMS Energy Corporation                | \$1.60                  | \$2.50        | \$19.25        | 6.26%        | 12.99%        | 1.03        | 13.38%        | 64.00%        | 36.00%        | 4.82%                   | 6.37%        |
| 6    | DTE Energy Company                    | \$3.70                  | \$6.00        | \$60.75        | 4.44%        | 9.88%         | 1.02        | 10.09%        | 61.67%        | 38.33%        | 3.87%                   | 4.42%        |
| 7    | Edison International                  | \$2.60                  | \$5.00        | \$45.00        | 5.22%        | 11.11%        | 1.03        | 11.39%        | 52.00%        | 48.00%        | 5.47%                   | 5.47%        |
| 8    | El Paso Electric Company              | \$1.50                  | \$2.50        | \$29.50        | 3.26%        | 8.47%         | 1.02        | 8.61%         | 60.00%        | 40.00%        | 3.44%                   | 3.67%        |
| 9    | IDACORP, Inc.                         | \$2.70                  | \$4.50        | \$49.75        | 4.01%        | 9.05%         | 1.02        | 9.22%         | 60.00%        | 40.00%        | 3.69%                   | 3.83%        |
| 10   | NorthWestern Corporation              | \$2.32                  | \$4.00        | \$40.00        | 3.78%        | 10.00%        | 1.02        | 10.19%        | 58.00%        | 42.00%        | 4.28%                   | 4.71%        |
| 11   | PG&E Corporation                      | \$2.70                  | \$4.50        | \$42.75        | 4.88%        | 10.53%        | 1.02        | 10.78%        | 60.00%        | 40.00%        | 4.31%                   | 5.38%        |
| 12   | Portland General Electric Company     | \$1.60                  | \$2.75        | \$30.50        | 3.70%        | 9.02%         | 1.02        | 9.18%         | 58.18%        | 41.82%        | 3.84%                   | 3.99%        |
| 13   | Sempra Energy                         | \$4.00                  | \$7.50        | \$55.25        | 3.04%        | 13.57%        | 1.01        | 13.78%        | 53.33%        | 46.67%        | 6.43%                   | 6.43%        |
| 14   | <b>Average</b>                        | <b>\$2.42</b>           | <b>\$4.08</b> | <b>\$40.21</b> | <b>4.02%</b> | <b>10.10%</b> | <b>1.02</b> | <b>10.30%</b> | <b>60.23%</b> | <b>39.77%</b> | <b>4.12%</b>            | <b>4.55%</b> |

Sources and Notes:

Cols. (1), (2) and (3): *The Value Line Investment Survey*, June 17, and July 29, 2016.

Col. (4): [ Col. (3) / Page 2 Col. (2) ] ^ (1/5) - 1.

Col. (5): Col. (2) / Col. (3).

Col. (6): [ 2 \* (1 + Col. (4)) ] / (2 + Col. (4)).

Col. (7): Col. (6) \* Col. (5).

Col. (8): Col. (1) / Col. (2).

Col. (9): 1 - Col. (8).

Col. (10): Col. (9) \* Col. (7).

Col. (11): Col. (10) + Page 2 Col. (9).

## Avista Corporation

### Sustainable Growth Rate

| Line | Company                               | 13-Week                  | 2015                   | Market      | Common Shares |  | Growth       | S Factor <sup>3</sup> | V Factor <sup>4</sup> | S * V        |
|------|---------------------------------------|--------------------------|------------------------|-------------|---------------|--|--------------|-----------------------|-----------------------|--------------|
|      |                                       | Average                  | Book Value             |             | to Book       | Outstanding (in Millions) <sup>2</sup> |              |                       |                       |              |
|      |                                       | Stock Price <sup>1</sup> | Per Share <sup>2</sup> | Ratio       | 2015          | 3-5 Years                              | (6)          | (7)                   | (8)                   | (9)          |
|      |                                       | (1)                      | (2)                    | (3)         | (4)           | (5)                                    |              |                       |                       |              |
| 1    | ALLETE, Inc.                          | \$59.73                  | \$37.07                | 1.61        | 49.10         | 50.60                                  | 0.60%        | 0.97%                 | 37.94%                | 0.37%        |
| 2    | Ameren Corporation                    | \$50.02                  | \$28.63                | 1.75        | 242.63        | 242.63                                 | 0.00%        | 0.00%                 | 42.76%                | 0.00%        |
| 3    | American Electric Power Company, Inc. | \$66.49                  | \$36.44                | 1.82        | 491.05        | 500.00                                 | 0.36%        | 0.66%                 | 45.19%                | 0.30%        |
| 4    | Avista Corporation                    | \$41.85                  | \$24.53                | 1.71        | 62.31         | 66.00                                  | 1.16%        | 1.97%                 | 41.39%                | 0.82%        |
| 5    | CMS Energy Corporation                | \$42.93                  | \$14.21                | 3.02        | 277.16        | 288.00                                 | 0.77%        | 2.33%                 | 66.90%                | 1.56%        |
| 6    | DTE Energy Company                    | \$93.28                  | \$48.88                | 1.91        | 179.47        | 185.00                                 | 0.61%        | 1.16%                 | 47.60%                | 0.55%        |
| 7    | Edison International                  | \$73.31                  | \$34.89                | 2.10        | 325.81        | 325.81                                 | 0.00%        | 0.00%                 | 52.41%                | 0.00%        |
| 8    | El Paso Electric Company              | \$45.71                  | \$25.13                | 1.82        | 40.44         | 41.00                                  | 0.28%        | 0.50%                 | 45.02%                | 0.23%        |
| 9    | IDACORP, Inc.                         | \$75.57                  | \$40.88                | 1.85        | 50.34         | 50.75                                  | 0.16%        | 0.30%                 | 45.90%                | 0.14%        |
| 10   | NorthWestern Corporation              | \$59.55                  | \$33.22                | 1.79        | 48.17         | 49.50                                  | 0.55%        | 0.98%                 | 44.21%                | 0.43%        |
| 11   | PG&E Corporation                      | \$61.20                  | \$33.69                | 1.82        | 492.03        | 525.00                                 | 1.31%        | 2.37%                 | 44.95%                | 1.07%        |
| 12   | Portland General Electric Company     | \$42.00                  | \$25.43                | 1.65        | 88.79         | 89.80                                  | 0.23%        | 0.37%                 | 39.45%                | 0.15%        |
| 13   | Sempra Energy                         | \$108.18                 | \$47.56                | 2.27        | 248.30        | 242.00                                 | - 0.51%      | - 1.17%               | 56.04%                | - 0.65%      |
| 14   | <b>Average</b>                        | <b>\$63.06</b>           | <b>\$33.12</b>         | <b>1.93</b> | <b>199.66</b> | <b>204.31</b>                          | <b>0.50%</b> | <b>0.97%</b>          | <b>46.90%</b>         | <b>0.47%</b> |

Sources and Notes:

<sup>1</sup> SNL Financial, Downloaded on July 25, 2016.

<sup>2</sup> *The Value Line Investment Survey*, June 17, and July 29, 2016.

<sup>3</sup> Expected Growth in the Number of Shares, Column (3) \* Column (6).

<sup>4</sup> Expected Profit of Stock Investment, [ 1 - 1 / Column (3) ].