

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
)	
v.)	DOCKETS UE-160228 and UG-160229 (Consolidated)
)	
AVISTA CORPORATION, DBA AVISTA UTILITIES,)	
)	
Respondent.)	
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EXHIBIT NO. MPG-19

CAPM RETURN

AUGUST 17, 2016

Avista Corporation

CAPM Return

<u>Line</u>	<u>Description</u>	<u>High Market Risk Premium (1)</u>	<u>Low Market Risk Premium (2)</u>
1	Risk-Free Rate ¹	3.40%	3.40%
2	Risk Premium ²	7.80%	6.00%
3	Beta ³	0.72	0.72
4	CAPM	9.04%	7.74%

Sources:

¹ Blue Chip Financial Forecasts, July 1, 2016, at 2.

² *Duff & Phelps, 2016 Valuation Handbook Guide to Cost of Capital*
at 2-4, 3-31, and 3-40.

³ Exhibit No. MPG-18.