

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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

**EXHIBIT NO. MPG-20**

**STANDARD & POOR'S CREDIT METRICS**

**AUGUST 17, 2016**

## Avista Corporation

### Standard & Poor's Credit Metrics

Dollars in Thousands

Line	Description	Retail				Reference
		Cost of Service Amount	S&P Benchmark (Medial Volatility) <sup>1/2</sup>			
			(1)	Intermediate (2)	Significant (3)	
1	Rate Base	\$ 1,498,536				Exhibit No.__(EMA-2).
2	Weighted Common Return	4.41%				Page 3, Line 2, Col. 4.
3	Pre-Tax Rate of Return	9.96%				Page 3, Line 3, Col. 5.
4	Income to Common	\$ 66,138				Line 1 x Line 2.
5	EBIT	\$ 149,221				Line 1 x Line 3.
6	Depreciation & Amortization	\$ 28,120				Exhibit No.__(EMA-2).
7	Imputed Amortization	\$ 12,910				S&P, CreditStats, downloaded August 1, 2016.
8	Deferred Income Taxes & ITC	\$ 44,638				Exhibit No.__(EMA-2).
9	Funds from Operations (FFO)	\$ 151,806				Sum of Line 4 and Lines 6 through 8.
10	Imputed & Capitalized Interest Expense	\$ 11,290				S&P, CreditStats, downloaded August 1, 2016.
11	EBITDA	\$ 201,541				Sum of Lines 5 through 7 and Line 10.
12	Total Debt Ratio	53%				Page 4, Line 3, Col. 2.
13	Debt to EBITDA	3.9x	2.5x - 3.5x	3.5x - 4.5x	4.5x - 5.5x	(Line 1 x Line 12) / Line 11.
14	FFO to Total Debt	19%	23% - 35%	13% - 23%	9% - 13%	Line 9 / (Line 1 x Line 12).

Sources:

<sup>1</sup> Standard & Poor's RatingsDirect: "Criteria: Corporate Methodology," November 19, 2013.

<sup>2</sup> Standard & Poor's RatingsDirect: "Avista Corp. Rating Affirmed At 'BBB' After Review; Outlook Stable" May 26, 2016.

Note:

Based on the May 2016 S&P report, Avista has a "Strong" business risk profile and a "Significant" financial risk profile, and falls under the "Medial Volatility" matrix.

# Avista Corporation

## S&P Adjusted Debt Ratio (Operating Subsidiaries)

10 Quarter Average							Distribution of Quarterly Average		
<u>Line</u>	<u>Rating</u>	<u>Count</u>	<u>Average</u>	<u>Median</u>	<u>High</u>	<u>Low</u>	<u>&lt; 50</u>	<u>50 to 55</u>	<u>&gt; 55</u>
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	AA-	1	42.82	42.82	42.82	42.82	1	-	-
2	A	9	52.60	51.46	57.18	50.34	-	7	2
3	A-	31	50.73	51.65	63.94	38.07	13	10	8
4	BBB+	19	52.14	51.87	59.39	43.46	5	8	6
5	BBB	17	54.19	55.13	58.34	47.37	3	5	9
6	BBB-	9	56.87	57.07	61.95	51.52	-	3	6
7	BB	1	43.18	43.18	43.18	43.18	1	-	-
8	<b>Total</b>	<b>87</b>					<b>23</b>	<b>33</b>	<b>31</b>
9	<b>Average</b>		<b>50.36</b>	<b>50.45</b>	<b>55.26</b>	<b>45.25</b>			

Quarter Results - 2013Q1 through 2016Q1							Distribution of Quarterly Results		
<u>Line</u>	<u>Rating</u>	<u>Count</u>	<u>Average</u>	<u>Median</u>	<u>High</u>	<u>Low</u>	<u>&lt; 50</u>	<u>50 to 55</u>	<u>&gt; 55</u>
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
10	AA-	10	42.82	42.90	44.98	40.96	10	-	-
11	A	86	52.66	51.73	60.02	48.06	13	54	19
12	A-	294	50.64	51.40	64.53	31.05	124	108	62
13	BBB+	183	52.18	52.29	60.39	42.12	50	78	55
14	BBB	168	54.18	54.47	63.58	44.64	27	65	76
15	BBB-	89	56.89	56.67	67.82	46.25	2	33	54
16	BB	10	43.18	43.36	45.70	40.02	10	-	-
17	<b>Total</b>	<b>840</b>					<b>236</b>	<b>338</b>	<b>266</b>
18	<b>Average</b>		<b>50.36</b>	<b>50.40</b>	<b>58.15</b>	<b>41.87</b>			

Source:

Standard and Poors Global Credit Portal, downloaded August 10, 2016.

# Avista Corporation

## Standard & Poor's Credit Metrics (Pre-Tax Rate of Return)

<u>Line</u>	<u>Description</u>	<u>Amount</u> <sup>1</sup> (1)	<u>Weight</u> (2)	<u>Cost</u> (3)	<u>Weighted Cost</u> (4)	<u>Pre-Tax Weighted Cost</u> (5)
1	Long-Term Debt	\$ 1,653,000,000	51.50%	5.51%	2.84%	2.84%
2	Common Equity	\$ 1,556,708,738	48.50%	9.10%	4.41%	7.12%
3	<b>Total</b>	<b>\$ 3,209,708,738</b>	.		<b>7.25%</b>	<b>9.96%</b>
4	Tax Conversion Factor					1.6133

Source:  
Exhibit No.\_\_(EMA-2).

# Avista Corporation

## Standard & Poor's Credit Metrics (Financial Capital Structure)

<u>Line</u>	<u>Description</u>	<u>Amount</u> (1)	<u>Weight</u> (2)
1	Long-Term Debt	\$ 1,653,000,000	49.82%
2	Off-Balance sheet Debt*	<u>\$ 108,560,000</u>	<u>3.27%</u>
3	<b>Total Debt</b>	<b>\$ 1,761,560,000</b>	<b>53.09%</b>
4	Common Equity	<u>1,556,708,738</u>	<u>46.91%</u>
5	<b>Total</b>	<b>\$ 3,318,268,738</b>	<b>100.00%</b>

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Sources:

Page 2.

\*S&P, CreditStats, downloaded August 1, 2016, as of  
December 31, 2015.