

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-220053

DOCKET NO. UG-220054

DOCKET NO. UE-210854

(consolidated)

EXH. AMM-18

ADRIEN M. MCKENZIE, CFA

REPRESENTING AVISTA CORPORATION

IMPLIED COST OF EQUITY

Exhibit AMM-18

Page 1 of 1

WUTC ALLOWED ROE RANGE

| | <u>Low</u> | <u>High</u> |
|---|----------------|----------------|
| 1 Allowed ROE | 9.00% | 9.80% |
| 2 Average Yield | <u>3.32%</u> | <u>3.32%</u> |
| 3 Implied Risk Premium | 5.68% | 6.48% |
| 4 July 2022 Bond Yield | <u>5.15%</u> | <u>5.15%</u> |
| 5 Change in Bond Yield | 1.83% | 1.83% |
| 6 Risk Premium/Interest Rate Relationship | <u>-0.4265</u> | <u>-0.4265</u> |
| 7 Adjustment to Risk Premium | -0.78% | -0.78% |
| 8 Adjusted Risk Premium | 4.90% | 5.70% |
| 9 Adjusted ROE | 10.05% | 10.85% |

1 Dockets UE-200900, UG-200901, Final Order 08 / 05 (Sep. 27, 2021).

2 Average yield during pendancy of proceeding from Moody's Credit Trends.

3 (1) - (2).

4 Moody's Credit Trends.

5 (4) - (2).

6 Exhibit AMM-11 at page 4.

7 (5) x (6).

8 (3) + (7).

9 (4) + (8).