

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-240006

DOCKET UG-240007

EXH. AMM-17

ADRIEN M. MCKENZIE, CFA

REPRESENTING AVISTA CORPORATION

IMPLIED COST OF EQUITY

Exhibit AMM-17

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COMMISSION APPROVED ROES

	Cascade Natural Gas Docket No. UG-200568 Order 05	Avista Docket No. UE-200900 Order 08/05	Avista Docket No. UE-200900 Order 08/05	Cascade Natural Gas Docket No. UG-210755 Order 09	Puget Sound Docket No. UE-220066	Puget Sound Docket No. UG-220067
Filed Date	6/19/2020	10/30/2020	10/30/2020	9/30/2021	1/31/2022	1/31/2022
Order Date	5/18/2021	9/27/2021	9/27/2021	8/23/2022	12/22/2022	12/22/2022
1 Approved ROE	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
2 Average Baa Utility Yield	<u>3.31%</u>	<u>3.33%</u>	<u>3.33%</u>	<u>4.16%</u>	<u>5.03%</u>	<u>5.03%</u>
3 Implied Risk Premium	6.09%	6.08%	6.08%	5.24%	4.37%	4.37%
4 June 2024 Baa Utility Yield	<u>5.83%</u>	<u>5.83%</u>	<u>5.83%</u>	<u>5.83%</u>	<u>5.83%</u>	<u>5.83%</u>
5 Change in Bond Yield	2.52%	2.51%	2.51%	1.67%	0.80%	0.80%
6 Risk Premium/Interest Rate Relationship	<u>-0.4270</u>	<u>-0.4270</u>	<u>-0.4270</u>	<u>-0.4270</u>	<u>-0.4270</u>	<u>-0.4270</u>
7 Adjustment to Risk Premium	-1.08%	-1.07%	-1.07%	-0.71%	-0.34%	-0.34%
8 Adjusted Risk Premium	5.02%	5.01%	5.01%	4.52%	4.03%	4.03%
9 Adjusted ROE	10.85%	10.84%	10.84%	10.35%	9.86%	9.86%
Average	10.43%					

- 1 Authorized ROEs from various Commission orders as cited.
- 2 Average yield on Baa utility bonds over the duration of the proceeding from Moody's Credit Trends.
- 3 (1) - (2).
- 4 Moody's Credit Trends.
- 5 (4) - (2).
- 6 Exhibit AMM-11 at page 3.
- 7 (5) x (6).
- 8 (3) + (7).
- 9 (4) + (8).