

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-240006

DOCKET UG-240007

EXH. AMM-16

ADRIEN M. MCKENZIE, CFA

REPRESENTING AVISTA CORPORATION

IMPLIED COST OF EQUITY

Exhibit AMM-16

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NATIONAL ALLOWED ROES

	<u>Vertically Integrated</u>
1 Allowed ROE (2020 - Q1 2024)	9.66%
2 Average Baa Utility Yield (2020 - Q1 2024)	<u>4.48%</u>
3 Implied Risk Premium	5.18%
4 June 2024 Baa Utility Yield	<u>5.83%</u>
5 Change in Bond Yield	1.35%
6 Risk Premium/Interest Rate Relationship	<u>-0.4270</u>
7 Adjustment to Risk Premium	-0.57%
8 Adjusted Risk Premium	4.60%
9 Adjusted ROE	<u>10.43%</u>

1 S&P Global Market Intelligence, RRA Regulatory Focus (Apr. 19, 2024).

2 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).