BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-170485

DOCKET NO. UG-170486

EXH. AMM-17

ADRIEN M. MCKENZIE

REPRESENTING AVISTA CORPORATION

REVISED GORMAN RISK PREMIUM

TREASURY BOND YIELD

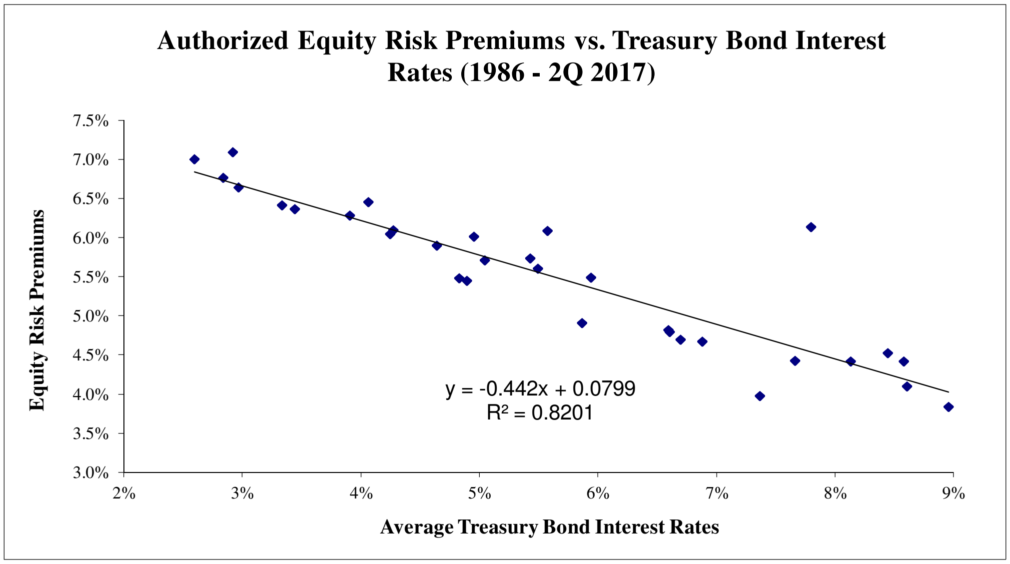
	(a) Treasury Bond Yield	(a) Authorized Electric Returns	(a) Indicated Risk Premium
1986	7.80%	13.93%	6.13%
1987	8.58%	12.99%	4.41%
1988	8.96%	12.79%	3.83%
1989	8.45%	12.97%	4.52%
1990	8.61%	12.70%	4.09%
1991	8.14%	12.55%	4.41%
1992	7.67%	12.09%	4.42%
1993	6.60%	11.41%	4.81%
1994	7.37%	11.34%	3.97%
1995	6.88%	11.55%	4.67%
1996	6.70%	11.39%	4.69%
1997	6.61%	11.40%	4.79%
1998	5.58%	11.66%	6.08%
1999	5.87%	10.77%	4.90%
2000	5.94%	11.43%	5.49%
2001	5.49%	11.09%	5.60%
2002	5.43%	11.16%	5.73%
2003	4.96%	10.97%	6.01%
2004	5.05%	10.75%	5.70%
2005	4.65%	10.54%	5.89%
2006	4.90%	10.34%	5.44%
2007	4.83%	10.31%	5.48%
2008	4.28%	10.37%	6.09%
2009	4.07%	10.52%	6.45%
2010	4.25%	10.29%	6.04%
2011	3.91%	10.19%	6.28%
2012	2.92%	10.01%	7.09%
2013	3.45%	9.81%	6.36%
2014	3.34%	9.75%	6.41%
2015	2.84%	9.60%	6.76%
2016	2.60%	9.60%	7.00%
2017(thru 2Q)	2.97%	9.61%	6.64%
AVERAGE	5.61%	11.12%	5.51%

IMPLIED COST OF EQUITY

Projected Treasury Bond Yield (b)	3.60%
Average Treasury Bond Yield Over Study Period	5.61%
Change in Bond Yield	-2.01%
Risk Premium/Interest Rate Coefficient (c)	-44.20%
Adjustment to Study Period Risk Premium	0.89%
Average Risk Premium Over Study Period	5.51%
Interest Rate Adjustment	0.89%
Adjusted Equity Risk Premium	6.40%
Projected Treasury Bond Yield (b)	3.60%
Implied Cost of Equity	**10.00%**

(a) Exhibit No. MPG-16.
(b) Gorman Direct at 53.
(c) See regression data on page 2 of this Exhibit.

REGRESSION OUTPUT - TREASURY BOND YIELD



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.905582993
R Square	0.820080558
Adjusted R Square	0.814083243
Standard Error	0.004018312
Observations	32

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.002207939	0.002207939	136.7412905	1.06187E-12
Residual	30	0.000484405	1.61468E-05		
Total	31	0.002692344			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.079881673	0.002238119	35.69143322	3.91524E-26	0.075310825	0.084452522	0.075310825	0.084452522
X Variable 1	-0.442009906	0.037799161	-11.69364317	1.06187E-12	-0.519206092	-0.36481372	-0.519206092	-0.364813719

UTILITY BOND YIELD

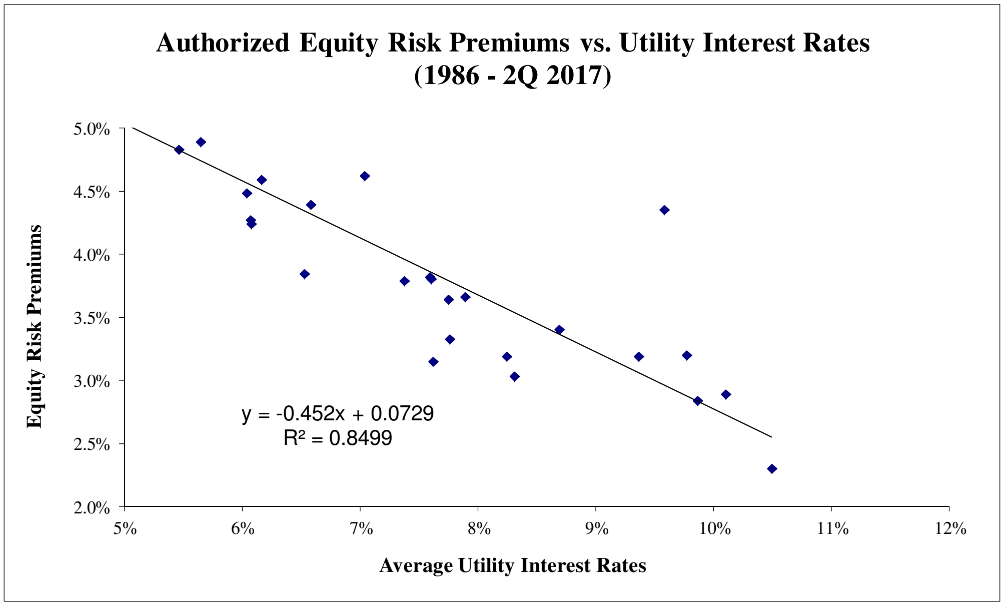
	(a) **Moody's "A" Rated Public Utility Bond Yield**	(a) **Authorized Electric Returns**	(a) **Indicated Risk Premium**
1986	9.58%	13.93%	4.35%
1987	10.10%	12.99%	2.89%
1988	10.49%	12.79%	2.30%
1989	9.77%	12.97%	3.20%
1990	9.86%	12.70%	2.84%
1991	9.36%	12.55%	3.19%
1992	8.69%	12.09%	3.40%
1993	7.59%	11.41%	3.82%
1994	8.31%	11.34%	3.03%
1995	7.89%	11.55%	3.66%
1996	7.75%	11.39%	3.64%
1997	7.60%	11.40%	3.80%
1998	7.04%	11.66%	4.62%
1999	7.62%	10.77%	3.15%
2000	8.24%	11.43%	3.19%
2001	7.76%	11.09%	3.33%
2002	7.37%	11.16%	3.79%
2003	6.58%	10.97%	4.39%
2004	6.16%	10.75%	4.59%
2005	5.65%	10.54%	4.89%
2006	6.07%	10.34%	4.27%
2007	6.07%	10.31%	4.24%
2008	6.53%	10.37%	3.84%
2009	6.04%	10.52%	4.48%
2010	5.46%	10.29%	4.83%
2011	5.04%	10.19%	5.15%
2012	4.13%	10.01%	5.88%
2013	4.48%	9.81%	5.33%
2014	4.28%	9.75%	5.47%
2015	4.12%	9.60%	5.48%
2016	3.93%	9.60%	5.67%
2017(thru 2Q)	4.12%	9.61%	5.49%
AVERAGE	6.99%	11.12%	4.13%

INDICATED COST OF EQUITY

Current Baa Utility Bond Yield (b)	4.27%
Average Utility Bond Yield Over Study Period	6.99%
Change in Bond Yield	-2.72%
Risk Premium/Interest Rate Coefficient (c)	-45.20%
Adjustment to Study Period Risk Premium	1.23%
Average Risk Premium Over Study Period	4.13%
Interest Rate Adjustment	1.23%
Adjusted Equity Risk Premium	5.36%
Current Baa Utility Bond Yield (b)	4.27%
Implied Cost of Equity	**9.63%**

(a) Exhibit No. MPG-17.
(b) Gorman Direct at 53.
(c) See regression data on page 4 of this Exhibit.

REGRESSION OUTPUT - UTILITY BOND YIELD



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.921914078
R Square	0.849925567
Adjusted R Square	0.844923086
Standard Error	0.003782283
Observations	32

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.002430544	0.002430544	169.9008052	6.87551E-14
Residual	30	0.00042917	1.43057E-05		
Total	31	0.002859714			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.072904364	0.002514212	28.99690365	1.67796E-23	0.067769658	0.07803907	0.067769658	0.07803907
X Variable 1	-0.451956408	0.034673592	-13.03460031	6.87551E-14	-0.522769329	-0.381143487	-0.522769329	-0.381143487