

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	09/11/2024
CASE NO.:	UE-240006 & UG-240007	WITNESS:	Adrien McKenzie
REQUESTER:	UTC Staff	RESPONDER:	Adrien McKenzie
TYPE:	Data Request	DEPT:	Consultant
REQUEST NO.:	Staff – 238	TELEPHONE:	(512) 923-2790
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SUBJECT: Cost of Capital

REQUEST:

Figure AMM-R1 shows authorized ROEs for electric utilities for the period 2020 - 2024Q1. Mr. McKenzie's rebuttal testimony was filed in August of 2024, after the end of the second quarter of the year. Please provide the 2024Q2 authorized ROEs, along with source document containing these figures.

RESPONSE:

The average allowed ROE for electric utilities increased to 9.70% during Q2 2024, while the average allowed ROE for natural gas utilities increased to 9.93%. For vertically integrated electric utilities such as Avista, the average allowed ROE during 2024 was 9.74%, or 9.80% for the 12 months ended June 30, 2024. Copies of the source documents containing these figures are attached (Staff-DR-238 Attachment A).

Table 2: Electric and gas utilities summary

Electric utilities									
Year	Period	ROR (%)	Number of observations	ROE (%)	Number of observations	Common equity to total capital (%)	Number of observations	Rate change amount (\$M)	Number of observations
2004	Full year	8.71	20	10.81	21	46.96	19	1,806.3	29
2005	Full year	8.44	23	10.51	24	47.34	23	936.1	31
2006	Full year	8.32	26	10.32	26	48.54	25	1,318.1	39
2007	Full year	8.18	37	10.30	38	47.88	36	1,405.7	43
2008	Full year	8.21	39	10.41	37	47.94	36	2,823.2	44
2009	Full year	8.28	41	10.52	41	48.36	40	4,191.7	58
2010	Full year	8.01	62	10.37	61	48.63	57	4,921.9	78
2011	Full year	8.00	43	10.29	42	48.26	42	2,595.1	56
2012	Full year	7.95	51	10.17	58	50.69	52	3,080.7	69
2013	Full year	7.66	45	10.03	49	49.25	43	3,328.6	61
2014	Full year	7.60	32	9.91	38	50.28	35	2,053.7	51
2015	Full year	7.35	36	9.84	31	49.23	31	1,963.2	53
2016	Full year	7.28	41	9.77	42	48.91	41	2,326.1	58
2017	Full year	7.18	48	9.74	53	48.90	48	2,695.6	77
2018	Full year	6.93	49	9.60	48	49.02	49	1,880.4	67
2019	Full year	6.97	44	9.66	47	49.94	40	1,661.2	63
2020	Full year	6.85	56	9.44	55	49.67	55	2,299.4	69
2021	Q1	6.79	11	9.46	10	49.98	11	850.6	15
	Q2	6.95	8	9.43	11	50.30	8	961.0	13
	Q3	6.98	14	9.38	13	50.15	12	980.5	21
	Q4	6.65	20	9.34	21	49.95	19	3,321.8	32
	Full year	6.81	53	9.38	55	50.06	50	6,113.9	81
2022	Q1	6.63	13	9.35	12	49.88	13	463.4	17
	Q2	6.71	7	9.45	7	50.04	7	828.7	14
	Q3	7.24	6	9.34	8	51.19	7	434.2	13
	Q4	6.93	27	9.71	26	50.47	26	2,545.1	33
	Full year	6.86	53	9.54	53	50.36	53	4,271.4	77
2023	Q1	6.80	8	9.71	10	49.36	8	1,436.3	16
	Q2	6.84	11	9.44	11	51.69	11	219.9	17
	Q3	7.01	16	9.53	16	51.89	16	1,830.7	20
	Q4	6.94	27	9.66	26	51.01	24	6,207.6	37
	Full year	6.92	62	9.60	63	51.15	59	9,333.2	90
2024	Q1	6.78	13	9.66	12	48.25	11	1,304.9	16
	Q2	7.00	9	9.70	9	50.64	8	755.7	12
	H1	6.87	22	9.68	21	49.26	19	2,060.6	28
LTM ended 6/30/2024		6.93	65	9.63	63	50.68	59	10,098.9	85

Gas utilities									
Year	Period	ROR (%)	Number of observations	ROE (%)	Number of observations	Common equity to total capital (%)	Number of observations	Rate change amount (\$M)	Number of observations
2004	Full year	8.51	23	10.63	22	45.81	22	306.0	33
2005	Full year	8.24	29	10.41	26	48.40	24	465.4	35
2006	Full year	8.44	17	10.40	15	47.24	16	392.5	23
2007	Full year	8.11	31	10.22	35	48.47	28	645.3	43
2008	Full year	8.49	33	10.39	32	50.35	32	700.0	40
2009	Full year	8.15	29	10.22	30	48.49	29	438.6	36
2010	Full year	7.99	40	10.15	39	48.70	40	776.5	50
2011	Full year	8.07	19	9.92	16	52.49	14	368.8	32
2012	Full year	7.98	30	9.94	35	51.13	32	264.0	41
2013	Full year	7.43	21	9.68	21	50.60	20	498.7	39
2014	Full year	7.65	27	9.78	26	51.11	28	544.2	48
2015	Full year	7.34	16	9.60	16	49.93	16	494.1	40
2016	Full year	7.08	28	9.54	26	50.06	26	1,263.8	59
2017	Full year	7.26	24	9.72	24	49.88	24	410.7	54
2018	Full year	7.00	45	9.59	40	50.12	44	939.1	66
2019	Full year	7.19	35	9.72	33	51.86	32	1,461.4	64
2020	Full year	6.99	37	9.47	35	51.87	36	1,048.9	60
2021	Q1	7.13	12	9.71	10	51.92	11	290.7	16
	Q2	6.89	5	9.48	6	50.56	5	69.9	8
	Q3	6.66	13	9.43	11	49.50	12	214.3	22
	Q4	6.67	17	9.59	16	51.34	18	772.3	29
	Full year	6.81	47	9.56	43	50.92	46	1,347.6	75
2022	Q1	6.68	3	9.38	6	50.24	5	138.0	9
	Q2	6.91	4	9.23	3	52.77	4	36.9	7
	Q3	6.85	7	9.52	8	50.52	7	461.0	12
	Q4	7.03	17	9.65	16	51.75	17	813.5	30
	Full year	6.94	31	9.53	33	51.38	33	1,449.4	58
2023	Q1	6.90	8	9.75	7	53.89	7	233.4	11
	Q2	7.12	4	9.45	3	56.18	4	79.1	8
	Q3	7.35	6	9.66	7	52.88	5	577.2	18
	Q4	7.00	26	9.63	26	51.27	23	1,620.7	35
	Full year	7.04	44	9.64	43	52.45	39	2,510.8	72
2024	Q1	7.19	4	9.62	3	53.11	4	96.4	8
	Q2	7.48	7	9.93	7	52.99	7	106.0	8
	H1	7.37	11	9.83	10	53.03	11	202.5	16
LTM ended 6/30/2024		7.14	43	9.68	43	51.97	39	2,400.3	69

Data compiled July 24, 2024.
 ROR = rate of return; ROE = return on equity; LTM = last 12 months.
 Source: Regulatory Research Associates, a group within S&P Global Commodity Insights.
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Table 3: Electric authorized ROEs

Settled ROE determinations vs. fully litigated ROE determinations

Year	All cases			Settled cases			Fully litigated cases		
	Average ROE (%)	Median ROE (%)	Number of observations	Average ROE (%)	Median ROE (%)	Number of observations	Average ROE (%)	Median ROE (%)	Number of observations
2009	10.52	10.50	41	10.61	10.61	17	10.45	10.50	24
2010	10.37	10.30	61	10.39	10.30	34	10.35	10.10	27
2011	10.29	10.17	42	10.12	10.07	16	10.39	10.25	26
2012	10.17	10.08	58	10.06	10.00	29	10.28	10.25	29
2013	10.03	9.95	49	10.12	9.98	32	9.85	9.75	17
2014	9.91	9.78	38	9.73	9.75	17	10.05	9.83	21
2015	9.84	9.60	31	10.04	9.60	15	9.66	9.62	16
2016	9.77	9.75	42	9.80	9.85	17	9.74	9.60	25
2017	9.74	9.60	53	9.75	9.60	29	9.73	9.56	24
2018	9.60	9.58	48	9.57	9.63	26	9.63	9.53	22
2019	9.66	9.65	47	9.76	9.73	20	9.58	9.50	27
2020	9.44	9.45	55	9.46	9.45	23	9.43	9.41	32
2021	9.38	9.38	55	9.57	9.50	25	9.22	9.20	30
2022	9.54	9.50	53	9.62	9.50	21	9.48	9.35	32
2023	9.60	9.50	63	9.52	9.54	24	9.64	9.50	39
H1'24	9.68	9.70	21	9.77	9.78	8	9.62	9.70	13
LTM ended 6/30/2024	9.63	9.60	63	9.57	9.60	24	9.67	9.70	39

General rate cases vs. limited-issue riders

Year	All cases			General rate cases			Limited-issue riders		
	Average ROE (%)	Median ROE (%)	Number of observations	Average ROE (%)	Median ROE (%)	Number of observations	Average ROE (%)	Median ROE (%)	Number of observations
2009	10.52	10.50	40	10.52	10.50	39	10.55	10.55	2
2010	10.37	10.30	61	10.29	10.26	58	11.87	12.30	3
2011	10.29	10.17	42	10.19	10.14	40	12.30	12.30	2
2012	10.17	10.08	58	10.02	10.00	51	11.57	11.40	6
2013	10.03	9.95	49	9.82	9.82	40	11.34	11.40	7
2014	9.91	9.78	38	9.76	9.75	32	10.96	11.00	5
2015	9.84	9.60	31	9.60	9.53	23	10.87	11.00	6
2016	9.77	9.75	42	9.60	9.60	32	10.31	10.55	10
2017	9.74	9.60	53	9.68	9.60	42	10.01	9.95	10
2018	9.60	9.58	48	9.56	9.58	38	9.74	9.70	10
2019	9.66	9.65	47	9.65	9.65	33	9.68	9.31	14
2020	9.44	9.45	55	9.39	9.48	42	9.62	9.20	13
2021	9.38	9.38	55	9.39	9.50	35	9.37	9.20	19
2022	9.54	9.50	53	9.58	9.53	34	9.47	9.35	19
2023	9.60	9.50	63	9.66	9.60	48	9.40	9.35	15
H1'24	9.68	9.70	21	9.68	9.73	14	9.67	9.70	7
LTM ended 6/30/2024	9.63	9.60	63	9.67	9.60	50	9.50	9.50	13

Vertically integrated cases vs. distribution-only cases

Year	All cases			Vertically integrated cases			Distribution-only cases		
	Average ROE (%)	Median ROE (%)	Number of observations	Average ROE (%)	Median ROE (%)	Number of observations	Average ROE (%)	Median ROE (%)	Number of observations
2009	10.52	10.50	41	10.66	10.66	28	10.16	10.25	11
2010	10.37	10.30	61	10.42	10.40	41	9.98	10.00	17
2011	10.29	10.17	42	10.33	10.20	28	9.85	10.00	12
2012	10.17	10.08	58	10.10	10.20	39	9.75	9.73	12
2013	10.03	9.95	49	9.95	10.00	31	9.37	9.36	9
2014	9.91	9.78	38	9.94	9.90	19	9.49	9.55	13
2015	9.84	9.60	31	9.75	9.70	17	9.17	9.07	6
2016	9.77	9.75	42	9.77	9.78	20	9.31	9.33	12
2017	9.74	9.60	53	9.80	9.65	28	9.43	9.55	14
2018	9.60	9.58	48	9.68	9.73	23	9.38	9.50	15
2019	9.66	9.65	47	9.74	9.73	25	9.37	9.60	8
2020	9.44	9.45	55	9.55	9.50	27	9.10	9.30	15
2021	9.38	9.38	55	9.53	9.50	25	9.04	9.45	10
2022	9.54	9.50	53	9.75	9.70	25	9.11	9.20	9
2023	9.60	9.50	63	9.80	9.70	36	9.24	9.30	12
H1'24	9.68	9.70	21	9.74	9.78	10	9.53	9.55	4
LTM ended 6/30/2024	9.63	9.60	63	9.80	9.75	37	9.28	9.40	13

Data compiled July 24, 2024.
 ROE = return on equity; LTM = last 12 months.
 Source: Regulatory Research Associates, a group within S&P Global Commodity Insights.

Table 4: Gas authorized ROEs

Settled ROE determinations vs. fully litigated ROE determinations

Year	All cases			Settled cases			Fully litigated cases		
	Average ROE (%)	Median ROE (%)	Number of observations	Average ROE (%)	Median ROE (%)	Number of observations	Average ROE (%)	Median ROE (%)	Number of observations
2009	10.22	10.26	30	10.43	10.40	13	10.05	10.15	17
2010	10.15	10.10	39	10.30	10.15	12	10.08	10.10	27
2011	9.92	10.03	16	10.08	10.08	8	9.76	9.80	8
2012	9.94	10.00	35	9.99	10.00	14	9.92	9.90	21
2013	9.68	9.72	21	9.80	9.80	9	9.59	9.60	12
2014	9.78	9.78	26	9.51	9.50	11	9.98	10.10	15
2015	9.60	9.68	16	9.60	9.60	11	9.58	9.80	5
2016	9.54	9.50	26	9.50	9.50	16	9.61	9.58	10
2017	9.72	9.60	24	9.68	9.60	17	9.82	9.50	7
2018	9.59	9.60	40	9.59	9.60	23	9.59	9.50	17
2019	9.72	9.70	33	9.70	9.70	21	9.74	9.72	12
2020	9.47	9.44	35	9.48	9.50	23	9.44	9.42	12
2021	9.56	9.60	43	9.53	9.50	30	9.63	9.67	13
2022	9.53	9.60	33	9.47	9.40	24	9.67	9.80	9
2023	9.64	9.60	43	9.52	9.53	22	9.77	9.65	21
H1'24	9.83	9.68	10	9.63	9.70	7	10.31	9.65	3
LTM ended 6/30/2024	9.68	9.65	43	9.57	9.58	24	9.83	9.65	19

General rate cases vs. limited-issue riders

Year	All cases			General rate cases			Limited-issue riders		
	Average ROE (%)	Median ROE (%)	Number of observations	Average ROE (%)	Median ROE (%)	Number of observations	Average ROE (%)	Median ROE (%)	Number of observations
2009	10.22	10.26	30	10.22	10.26	30	N/A	N/A	0
2010	10.15	10.10	39	10.15	10.10	39	N/A	N/A	0
2011	9.92	10.03	16	9.91	10.05	15	10.00	10.00	1
2012	9.94	10.00	35	9.93	10.00	34	10.40	10.40	1
2013	9.68	9.72	21	9.68	9.72	21	N/A	N/A	0
2014	9.78	9.78	26	9.78	9.78	26	N/A	N/A	0
2015	9.60	9.68	16	9.60	9.68	16	N/A	N/A	0
2016	9.54	9.50	26	9.53	9.50	25	9.70	9.70	1
2017	9.72	9.60	24	9.73	9.60	23	9.50	9.50	1
2018	9.59	9.60	40	9.59	9.60	39	9.50	9.50	1
2019	9.72	9.70	33	9.73	9.73	31	9.60	9.60	2
2020	9.47	9.44	35	9.47	9.44	35	N/A	N/A	0
2021	9.56	9.60	43	9.56	9.60	43	N/A	N/A	0
2022	9.53	9.60	33	9.53	9.60	33	N/A	N/A	0
2023	9.64	9.60	43	9.60	9.55	37	9.91	9.70	6
H1'24	9.83	9.68	10	9.85	9.70	9	9.65	9.65	1
LTM ended 6/30/2024	9.68	9.65	43	9.66	9.58	38	9.83	9.70	5

Data compiled July 24, 2024.

ROE = return on equity; N/A = not applicable; LTM = last 12 months.

Source: Regulatory Research Associates, a group within S&P Global Commodity Insights.

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