

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-22 \_\_\_\_\_

DOCKET NO. UG-22 \_\_\_\_\_

EXH. AMM-10

ADRIEN M. MCKENZIE

REPRESENTING AVISTA CORPORATION

**CURRENT BOND YIELD**

Company	(a)	(b)	(c)			(d)	(e)	(d)	(f)			(g)			
	Market Return ( $R_m$ )			Risk-Free Rate	Risk Premium	Unadjusted RP		Beta	Adjusted RP		Unadjusted $K_e$	Market Cap	Size Adjustment	ECAPM Result	
	Div Yield	Proj. Growth	Cost of Equity			Weight	$RP^1$		Weight	$RP^2$					Total RP
1 ALLETE	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.90	75%	7.6%	10.5%	12.5%	\$3,500	1.09%	13.6%
2 Ameren Corp.	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.80	75%	6.8%	9.6%	11.6%	\$23,000	0.49%	12.1%
3 Avista Corp.	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.95	75%	8.1%	10.9%	12.9%	\$2,700	1.09%	14.0%
4 Black Hills Corp.	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	1.00	75%	8.5%	11.3%	13.3%	\$4,000	0.75%	14.1%
5 CenterPoint Energy	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	1.15	75%	9.8%	12.6%	14.6%	\$15,000	0.49%	15.1%
6 CMS Energy Corp.	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.80	75%	6.8%	9.6%	11.6%	\$19,000	0.49%	12.1%
7 Dominion Energy	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.85	75%	7.2%	10.0%	12.0%	\$61,000	-0.22%	11.8%
8 Duke Energy Corp.	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.85	75%	7.2%	10.0%	12.0%	\$79,000	-0.22%	11.8%
9 Edison International	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.95	75%	8.1%	10.9%	12.9%	\$21,000	0.49%	13.4%
10 Emera Inc.	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.75	75%	6.4%	9.2%	11.2%	\$15,200	0.49%	11.7%
11 Entergy Corp.	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.95	75%	8.1%	10.9%	12.9%	\$22,000	0.49%	13.4%
12 IDACORP, Inc.	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.80	75%	6.8%	9.6%	11.6%	\$5,000	0.75%	12.4%
13 NorthWestern Corp.	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.95	75%	8.1%	10.9%	12.9%	\$3,000	1.09%	14.0%
14 OGE Energy Corp.	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	1.05	75%	8.9%	11.7%	13.7%	\$7,100	0.71%	14.4%
15 Pub Sv Enterprise Grp.	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.90	75%	7.6%	10.5%	12.5%	\$33,000	-0.22%	12.2%
16 Sempra Energy	1.9%	11.4%	13.3%	2.0%	11.3%	25%	2.8%	0.95	75%	8.1%	10.9%	12.9%	\$39,000	-0.22%	12.7%
<b>Average</b>												<b>12.6%</b>			<b>12.9%</b>

- (a) Weighted average for dividend-paying stocks in the S&P 500 based on data from [www.valueline.com](http://www.valueline.com) (retrieved Oct. 5, 2021).
- (b) Average of weighted average earnings growth rates from IBES, Value Line, and Zacks for dividend-paying stocks in the S&P 500 based on data from Refinitiv, as provided by [fidelity.com](http://fidelity.com) (retrieved Oct. 5, 2021), [www.valueline.com](http://www.valueline.com) (retrieved Oct. 5, 2021), and [www.zacks.com](http://www.zacks.com) (retrieved Oct. 5, 2021). Eliminated growth rates that were greater than 20%, as well as all negative values.
- (c) Average yield on 30-year Treasury bonds for the six-months ending Nov. 2021 based on data from <https://fred.stlouisfed.org/>.
- (d) Roger A. Morin, *New Regulatory Finance*, Pub. Util. Reports, Inc. (2006) at 190.
- (e) The Value Line Investment Survey, Summary & Index (Nov. 26, 2021).
- (f) The Value Line Investment Survey (Sep. 10, Oct. 22 and Nov. 12, 2021).
- (g) Duff & Phelps, 2021 CRSP Deciles Size Study -- Supplementary Data Exhibits, Cost of Capital Navigator.

**PROJECTED BOND YIELD**

	(a)	(b)	(c)	(d)	(e)	(d)		(f)	(g)								
	<b>Market Return (R<sub>m</sub>)</b>																
<b>Company</b>	<b>Div Yield</b>	<b>Proj. Growth</b>	<b>Cost of Equity</b>	<b>Risk-Free Rate</b>	<b>Risk Premium</b>	<b>Unadjusted Weight</b>	<b>RF Beta</b>	<b>Beta</b>	<b>Adjusted Weight</b>	<b>RP<sup>1</sup></b>	<b>RP<sup>2</sup></b>	<b>Total RP</b>	<b>Unadjusted K<sub>e</sub></b>	<b>Market Cap</b>	<b>Size Adjustment</b>	<b>ECAPM Result</b>	
1 ALLETE	1.9%	11.4%	13.3%	3.4%	9.9%	25%	2.5%	0.90	75%	6.7%	9.1%	12.6%	\$3,500	1.09%	13.7%		
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- (c) Projected yield on 30-year Treasury bonds for 2023-2024 based on data from Wolters Kluwer, Blue Chip Financial Forecasts (Dec).
- (d) Roger A. Morin, *New Regulatory Finance*, Pub. Util. Reports, Inc. (2006) at 190.
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