

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-17 \_\_\_\_\_

DOCKET NO. UG-17 \_\_\_\_\_

EXH. AMM-9

ADRIEN M. MCKENZIE

REPRESENTING AVISTA CORPORATION

UTILITY GROUP

	Company	(a) Market Return ( $R_m$ )			(c) Risk-Free Rate	(d) Market Risk Premium		(e) Beta Adjusted RP			(f) Total Unadjusted Market Cap	(g) Size Adjustment		Size Adjusted $K_e$		
		Div Yield	Proj. Growth	Cost of Equity		Unadjusted RP	Risk Premium	Beta	Weight	RP <sup>2</sup>		Unadjusted $K_e$	Market Cap		Size Adjustment	
						Weight	RP <sup>1</sup>					RP				
1	ALLETE	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.80	75%	5.2%	7.4%	10.3%	\$ 3,347.0	1.51%	11.8%
2	Ameren Corp.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.70	75%	4.6%	6.7%	9.6%	\$13,269.7	0.61%	10.3%
3	Avangrid, Inc.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	NA	75%	NA	NA	NA	\$13,191.4	0.61%	NA
4	Avista Corp.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.70	75%	4.6%	6.7%	9.6%	\$ 2,497.5	1.51%	11.2%
5	Black Hills Corp.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.85	75%	5.5%	7.7%	10.6%	\$ 3,499.2	1.51%	12.1%
6	CMS Energy Corp.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.65	75%	4.2%	6.4%	9.3%	\$12,461.0	0.61%	9.9%
7	Dominion Resources	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.70	75%	4.6%	6.7%	9.6%	\$48,536.1	-0.35%	9.3%
8	DTE Energy Co.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.65	75%	4.2%	6.4%	9.3%	\$18,171.1	0.61%	9.9%
9	Edison International	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.60	75%	3.9%	6.1%	9.0%	\$25,898.7	-0.35%	8.6%
10	El Paso Electric Co.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.75	75%	4.9%	7.1%	10.0%	\$ 2,017.8	1.66%	11.6%
11	Exelon Corp.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.70	75%	4.6%	6.7%	9.6%	\$32,960.7	-0.35%	9.3%
12	Hawaiian Elec.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.70	75%	4.6%	6.7%	9.6%	\$ 3,633.2	0.98%	10.6%
13	IDACORP, Inc.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.75	75%	4.9%	7.1%	10.0%	\$ 4,180.4	0.98%	10.9%
14	NorthWestern Corp.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.65	75%	4.2%	6.4%	9.3%	\$ 2,843.8	1.51%	10.8%
15	Otter Tail Corp.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.85	75%	5.5%	7.7%	10.6%	\$ 1,501.1	1.72%	12.3%
16	PG&E Corp.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.65	75%	4.2%	6.4%	9.3%	\$33,637.3	-0.35%	9.0%
17	Portland General Elec.	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.70	75%	4.6%	6.7%	9.6%	\$ 3,956.3	0.98%	10.6%
18	Sempra Energy	2.4%	9.2%	11.6%	2.9%	8.7%	25%	2.2%	0.80	75%	5.2%	7.4%	10.3%	\$27,557.5	-0.35%	9.9%
	<b>Average</b>												<b>9.8%</b>			<b>10.5%</b>
	<b>Midpoint (h)</b>												<b>9.8%</b>			<b>10.5%</b>

(a) Weighted average for dividend-paying stocks in the S&P 500 based on data from [www.zacks.com](http://www.zacks.com) (retrieved Apr. 7, 2017).

(b) Average of weighted average earnings growth rates from Value Line Investment Survey, IBES, and Zacks Investment Research for dividend-paying stocks in the S&P 500 based on data from [www.valueline.com](http://www.valueline.com) (Apr. 7, 2017), <http://finance.yahoo.com> (retrieved Apr. 9, 2017), and [www.zacks.com](http://www.zacks.com) (retrieved Apr. 7, 2017).

(c) Average yield on 30-year Treasury bonds for the six-months ending Mar. 2017 based on data from the Federal Reserve at <http://www.fred.stlouisfed.org>.

(d) Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* at 190 (2006).

(e) The Value Line Investment Survey (Feb. 17, Mar. 17, & Apr. 28, 2017).

(f) [www.valueline.com](http://www.valueline.com) (retrieved Apr. 5, 2017).

(g) Duff & Phelps, 2017 Valuation Handbook-U.S. Guide to Cost of Capital (Preview Version), p. 19.

(h) Average of low and high values.

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		Div Yield	Proj. Growth	Cost of Equity		Risk	Unadjusted RP	Beta	Weight	RP <sup>2</sup>		Unadjusted $K_e$	Market Cap		Size Adjustment	
1	ALLETE	2.4%	9.2%	11.6%	4.1%	7.5%	25%	1.9%	0.80	75%	4.5%	6.4%	10.5%	\$ 3,347.0	1.51%	12.0%
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(c) Average yield on 30-year Treasury bonds for 2018-22 based on data from the Value Line Investment Survey, Forecast for the U.S. Economy (Mar. 3, 2017); IHS Global Insight (Feb. 2017); & Wolters Kluwer, Blue Chip Financial Forecasts, Vol. 35, No. 12 (Dec. 1, 2016).

(d) Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* at 190 (2006).

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