

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-240006

DOCKET UG-240007

EXH. AMM-11

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REPRESENTING AVISTA CORPORATION

COST OF EQUITY ESTIMATE

<u>Current Equity Risk Premium</u>	
(a) Avg. Yield over Study Period	7.83%
(b) Average Utility Bond Yield	<u>5.85%</u>
Change in Bond Yield	-1.98%
(c) Risk Premium/Interest Rate Relationship	<u>-0.4270</u>
Adjustment to Average Risk Premium	0.85%
(a) Average Risk Premium over Study Period	<u>3.89%</u>
Adjusted Risk Premium	4.74%
<u>Implied Cost of Equity</u>	
(b) Baa Utility Bond Yield	6.09%
Adjusted Equity Risk Premium	<u>4.74%</u>
Risk Premium Cost of Equity	10.83%

(a) Exhibit AMM-11, page 2.

(b) Average bond yield on all utility bonds and 'Baa' subset for six-months ending Nov. 2023 based on data from Moody's Investors Service at www.credittrends.com.

(c) Exhibit AMM-11, page 3.

UTILITY RISK PREMIUM

Exh. AMM-11

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AUTHORIZED RETURNS

	(a)	(b)		(a)	(b)		
Year	Allowed ROE	Average Utility Bond Yield	Risk Premium	Year	Allowed ROE	Average Utility Bond Yield	Risk Premium
1974	13.10%	9.27%	3.83%	1999	10.72%	7.55%	3.17%
1975	13.20%	9.88%	3.32%	2000	11.58%	8.09%	3.49%
1976	13.10%	9.17%	3.93%	2001	11.07%	7.72%	3.35%
1977	13.30%	8.58%	4.72%	2002	11.21%	7.53%	3.68%
1978	13.20%	9.22%	3.98%	2003	10.96%	6.61%	4.35%
1979	13.50%	10.39%	3.11%	2004	10.81%	6.20%	4.61%
1980	14.23%	13.15%	1.08%	2005	10.51%	5.67%	4.84%
1981	15.22%	15.62%	-0.40%	2006	10.32%	6.08%	4.24%
1982	15.78%	15.33%	0.45%	2007	10.32%	6.11%	4.21%
1983	15.36%	13.31%	2.05%	2008	10.37%	6.65%	3.72%
1984	15.32%	14.03%	1.29%	2009	10.52%	6.28%	4.24%
1985	15.20%	12.29%	2.91%	2010	10.29%	5.56%	4.73%
1986	13.93%	9.46%	4.47%	2011	10.19%	5.13%	5.06%
1987	12.99%	9.98%	3.01%	2012	10.02%	4.27%	5.75%
1988	12.79%	10.45%	2.34%	2013	9.82%	4.57%	5.25%
1989	12.97%	9.66%	3.31%	2014	9.76%	4.42%	5.34%
1990	12.70%	9.76%	2.94%	2015	9.60%	4.38%	5.22%
1991	12.54%	9.21%	3.33%	2016	9.60%	4.11%	5.49%
1992	12.09%	8.57%	3.52%	2017	9.68%	4.07%	5.61%
1993	11.46%	7.56%	3.90%	2018	9.56%	4.34%	5.22%
1994	11.21%	8.30%	2.91%	2019	9.65%	3.86%	5.79%
1995	11.58%	7.91%	3.67%	2020	9.39%	3.07%	6.32%
1996	11.40%	7.74%	3.66%	2021	9.39%	3.14%	6.25%
1997	11.33%	7.63%	3.70%	2022	<u>9.52%</u>	<u>4.76%</u>	<u>4.76%</u>
1998	11.77%	7.00%	4.77%	Average	11.72%	7.83%	3.89%

(a) S&P Global Market Intelligence, *Major Rate Case Decisions*, RRA Regulatory Focus; *UtilityScope Regulatory Service*, Argus. Data for "general" rate cases (excluding limited-issue rider cases) beginning in 2006 (the first year such data presented by RRA).

(b) Moody's Investors Service.

REGRESSION RESULTS

