

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-14 \_\_\_\_\_

DOCKET NO. UG-14 \_\_\_\_\_

EXHIBIT NO. \_\_\_\_ (AMM-10)

ADRIEN M. MCKENZIE

REPRESENTING AVISTA CORPORATION

UTILITY GROUP

	Company	(a)	(b)	(c)			(d)	(e)	(f)	Implied Cost of Equity	
		Market Return ( $R_m$ )			Risk-Free Rate	Risk Premium	Beta	Unadjusted $K_e$	Market Cap		Size Adjustment
		Div Yield	Proj. Growth	Cost of Equity							
1	Ameren Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.80	10.7%	\$ 8,743.3	0.76%	11.5%
2	American Elec Pwr	2.3%	10.1%	12.4%	3.9%	8.5%	0.70	9.8%	\$ 22,550.3	-0.37%	9.5%
3	ALLETE	2.3%	10.1%	12.4%	3.9%	8.5%	0.70	9.8%	\$ 1,959.8	1.70%	11.5%
4	Avista Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.70	9.8%	\$ 1,677.8	1.72%	11.6%
5	Black Hills Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.85	11.1%	\$ 2,360.4	1.70%	12.8%
6	CMS Energy Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.70	9.8%	\$ 7,057.0	0.92%	10.8%
7	DTE Energy Co.	2.3%	10.1%	12.4%	3.9%	8.5%	0.80	10.7%	\$ 11,612.0	0.76%	11.5%
8	Duke Energy Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.65	9.4%	\$ 47,916.2	-0.37%	9.1%
9	Empire District Elec	2.3%	10.1%	12.4%	3.9%	8.5%	0.70	9.8%	\$ 961.8	1.73%	11.6%
10	El Paso Electric	2.3%	10.1%	12.4%	3.9%	8.5%	0.70	9.8%	\$ 1,421.3	1.72%	11.6%
11	Edison International	2.3%	10.1%	12.4%	3.9%	8.5%	0.75	10.3%	\$ 14,707.1	0.76%	11.0%
12	Entergy Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.70	9.8%	\$ 10,791.0	0.76%	10.6%
13	Exelon Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.75	10.3%	\$ 23,162.1	-0.37%	9.9%
14	Great Plains Energy	2.3%	10.1%	12.4%	3.9%	8.5%	0.85	11.1%	\$ 3,759.9	1.14%	12.3%
15	Hawaiian Elec.	2.3%	10.1%	12.4%	3.9%	8.5%	0.70	9.8%	\$ 2,589.1	1.70%	11.5%
16	IDACORP, Inc.	2.3%	10.1%	12.4%	3.9%	8.5%	0.70	9.8%	\$ 2,625.6	1.70%	11.5%
17	NorthWestern Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.70	9.8%	\$ 1,666.2	1.72%	11.6%
18	Otter Tail Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.95	12.0%	\$ 1,042.0	1.73%	13.7%
19	PG&E Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.55	8.6%	\$ 17,975.0	-0.37%	8.2%
20	Portland General Elec.	2.3%	10.1%	12.4%	3.9%	8.5%	0.75	10.3%	\$ 2,320.9	1.70%	12.0%
21	PPL Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.65	9.4%	\$ 18,718.1	-0.37%	9.1%
22	SCANA Corp.	2.3%	10.1%	12.4%	3.9%	8.5%	0.70	9.8%	\$ 6,452.0	0.92%	10.8%
23	Sempra Energy	2.3%	10.1%	12.4%	3.9%	8.5%	0.80	10.7%	\$ 22,053.2	-0.37%	10.3%
24	UIL Holdings	2.3%	10.1%	12.4%	3.9%	8.5%	0.80	10.7%	\$ 1,925.4	1.70%	12.4%
25	Westar Energy	2.3%	10.1%	12.4%	3.9%	8.5%	0.75	10.3%	\$ 4,188.0	1.14%	11.4%
	<b>Average</b>							<b>10.2%</b>			<b>11.1%</b>
	<b>Midpoint (g)</b>							<b>10.3%</b>			<b>11.0%</b>

(a) Weighted average dividend yield for the dividend paying firms in the S&P 500 from www.valueline.com (Retrieved Jan. 8, 2014)

(b) Weighted average of IBES earnings growth rates for the dividend paying firms in the S&P 500 from http://finance.yahoo.com (retrieved Jan. 13, 2014).

(c) Average yield on 30-year Treasury bonds for Dec. 2013 as reported at www.federalreserve.gov/releases/h15/data.htm

(d) The Value Line Investment Survey (Nov. 1, Nov. 22, & Dec. 20, 2013).

(e) www.valueline.com (retrieved Jan. 17, 2014)

(f) *Morningstar*, "Ibbotson S&P 2013 Valuation Yearbook," at Appendix C, Table C-1 (2013).

(g) Average of low and high values

UTILITY GROUP

	Company	(a) (b) (c) Market Return (R <sub>m</sub> )			(d)	(e)	(f)	Unadjusted K <sub>e</sub>	Market Cap	Size Adjustment	Implied Cost of Equity
		Div Yield	Proj. Growth	Cost of Equity							
1	Ameren Corp.	2.3%	10.1%	12.4%	4.4%	8.0%	0.80	10.8%	\$ 8,743.3	0.76%	11.6%
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(b) Weighted average of IBES earnings growth rates for the dividend paying firms in the S&P 500 from http://finance.yahoo.com (retrieved Jan. 13, 2014).

(c) Average yield on 30-year Treasury bonds for 2014-2018 based on data from the Value Line Investment Survey, Forecast for the U.S. Economy (Nov. 22, 2013); IHS Global Insight, U.S. Economic Outlook at 25 (Nov. 2013); & Blue Chip Financial Forecasts, Vol. 32, No. 6 (Jun. 1, 2013).

(d) The Value Line Investment Survey (Nov. 1, Nov. 22, & Dec. 20, 2013).

(e) www.valueline.com (retrieved Jan. 17, 2014).

(f) *Morningstar*, "Ibbotson SBBI 2013 Valuation Yearbook," at Appendix C, Table C-1 (2013).

(g) Average of low and high values.