

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES,

Respondent.

DOCKET NOS. UE-200900 and UG-200901 (*Consolidated*)

J. RANDALL WOOLRIDGE

**ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT JRW-4

Capital Structure Ratios and Debt Cost Ratios

April 21, 2021

Summary Financial Statistics for Proxy Groups

Panel A
Electric Proxy Group

Company	Operating Revenue (\$mil)	Percent Reg Elec Revenue	Percent Reg Gas Revenue	Net Plant (\$mil)	Market Cap (\$mil)	S&P Issuer Credit Rating	Moody's Long Term Rating	Pre-Tax Interest Coverage	Primary Service Area	Common Equity Ratio	Return on Equity	Market to Book Ratio
ALLETE, Inc. (NYSE:ALE)	1,169.1	84%	0%	4,863.2	3,315.7	BBB	Baa1	2.43	MN, WI	59.0%	7.7	1.45
Alliant Energy Corporation (NasdaqGS:LNT)	3,416.0	85%	11%	14,336.0	12,091.7	A-	Baa2	2.51	WI, IA, IL, MN	45.7%	11.3	2.13
Ameren Corporation (NYSE:AEE)	5,540.0	80%	13%	26,807.0	18,459.5	BBB+	Baa1	3.38	IL, MO	44.7%	10.2	2.07
American Electric Power Company, Inc. (NasdaqGS:AE)	14,918.5	97%	0%	64,768.0	39,182.1	A-	NR	2.67	10 States	41.5%	11.0	1.91
Avista Corporation (NYSE:AVA)	1,321.9	64%	22%	5,130.3	2,972.8	BBB	Baa2	2.24	WA, OR, AK, ID	49.1%	6.5	1.46
CMS Energy Corporation (NYSE:CMS)	6,680.0	65%	27%	21,073.0	15,998.1	BBB+	NR	2.63	MI	28.7%	14.4	2.91
Consolidated Edison, Inc. (NYSE:ED)	12,246.0	71%	19%	47,395.0	23,387.2	A-	Baa2	2.39	NY, PA	47.9%	6.0	1.24
Dominion Energy, Inc. (NYSE:DM)	14,172.0	75%	17%	58,412.0	56,283.6	BBB+	NR	2.61	VA, NC, SC, OH, WV, UT	41.2%	5.3	2.37
Duke Energy Corporation (NYSE:DUK)	23,453.0	91%	7%	106,854.0	68,049.8	BBB+	Baa2	2.52	NC, OH, FL, SC, KY	45.6%	2.8	1.48
Edison International (NYSE:EIX)	13,578.0	100%	0%	48,796.0	21,884.6	BBB	Baa3	2.79	CA	41.7%	5.4	1.56
Energy Corporation (NYSE:ETR)	10,113.6	91%	0%	39,196.1	17,868.8	BBB+	Baa2	2.18	LA, AR, MS, TX	34.0%	13.1	1.64
Eversource Energy (NYSE:ES)	4,913.4	100%	0%	20,442.3	12,561.4	A-	NR	3.00	KS, MO	48.7%	7.2	1.44
Eversource Energy (NYSE:ES)	8,904.4	80%	14%	30,937.7	27,666.7	A-	Baa1	3.80	CT, NH, MA	47.4%	9.0	1.97
Hawaiian Electric Industries, Inc. (NYSE:HE)	2,579.8	88%	0%	5,418.8	4,065.9	BBB-	Baa2	3.40	HI	52.5%	8.6	1.74
IDACORP, Inc. (NYSE:IDA)	1,350.7	100%	0%	4,709.5	4,549.3	BBB	Baa1	3.01	ID	56.1%	9.5	1.78
MGE Energy, Inc. (NasdaqGS:MGEE)	524.5	72%	28%	1,775.4	2,369.4	AA	A1	5.24	WI	65.3%	10.1	2.43
NextEra Energy, Inc. (NYSE:NEE)	17,997.0	73%	0%	91,803.0	138,563.1	A-	Baa1	2.64	FL	46.5%	7.9	3.79
NorthWestern Corporation (NasdaqGS:NWE)	1,198.7	78%	22%	4,952.9	3,083.0	BBB	NR	2.43	MT, SD, NE	47.3%	7.5	1.48
OG Energy Corp. (NYSE:OGE)	2,122.3	100%	0%	9,274.4	6,348.7	BBB+	NR	3.25	OK, AR	51.0%	-4.5	1.75
Otter Tail Corporation (NasdaqGS:OTTR)	890.1	50%	0%	2,068.4	1,779.6	BBB	Baa2	4.22	MN, ND, SD	58.2%	11.6	2.04
Pinnacle West Capital Corporation (NYSE:PNW)	3,587.0	100%	0%	15,268.1	8,598.4	A-	A3	3.41	AZ	47.2%	10.0	1.53
Portland General Electric Corporation (NYSE:POR)	2,145.0	91%	8%	7,218.0	3,879.7	BBB+	A3	1.83	OR	47.5%	6.0	1.48
PPL Corporation (NYSE:PPL)	7,607.0	91%	8%	38,979.0	21,226.0	A-	Baa2	2.80	PA, KY, UK	44.5%	11.1	2.27
Sempra Energy (NYSE:SRE)	11,370.0	56%	44%	40,546.0	36,059.8	BBB+	Baa2	2.52	CA, TX	49.2%	10.1	1.78
The Southern Company (NYSE:SO)	20,375.0	83%	14%	89,016.0	61,653.2	A-	NR	2.85	GA, FL, NJ, IL, VA, TN, MS	38.4%	11.2	2.20
WEC Energy Group, Inc. (NYSE:WEC)	7,241.7	82%	17%	25,728.1	26,647.9	A-	Baa1	2.53	WI, IL, MN, MI	47.3%	11.7	2.55
Xcel Energy Inc. (NasdaqGS:XEL)	11,526.0	85%	14%	44,129.0	32,984.8	A-	Baa1	3.51	MN, WI, ND, SD, MI	42.6%	10.6	2.26
Mean	\$7,812.6	83%	11%	\$32,203.6	\$24,871.5	BBB+	Baa1	2.92		47.0%	8.6	1.95
Median	\$6,680.0	84%	8%	\$25,728.1	\$17,868.8	BBB+	Baa1	2.6		47.3%	9.5	1.78

Data Source: Company 2020 SEC 10-K filings, S&P Capital IQ Value Line Investment Survey, 2021.

Panel B
McKenzie Proxy Group

Company	Operating Revenue (\$mil)	Percent Reg Elec Revenue	Percent Reg Gas Revenue	Net Plant (\$mil)	Market Cap (\$mil)	S&P Issuer Credit Rating	Moody's Long Term Rating	Pre-Tax Interest Coverage	Primary Service Area	Common Equity Ratio	Return on Equity	Market to Book Ratio
ALLETE, Inc. (NYSE:ALE)	\$1,169.1	84%	0%	\$4,863.2	\$3,315.7	BBB	Baa1	2.43	MN, WI	59.0%	7.7	1.45
Ameren Corporation (NYSE:AEE)	\$5,540.0	80%	13%	\$26,807.0	\$18,459.5	BBB+	Baa1	3.38	IL, MO	44.7%	10.2	2.07
Avista Corporation (NYSE:AVA)	\$1,321.9	64%	22%	\$5,130.3	\$2,972.8	BBB	Baa2	2.24	WA, OR, AK, ID	49.1%	6.5	1.46
Black Hills Corporation (NYSE:BKH)	\$1,734.9	41%	58%	\$5,508.3	\$5,074.5	BBB+	Baa2	2.78	CO, SD, WY, MT	40.3%	0.1	2.15
CMS Energy Corporation (NYSE:CMS)	\$6,680.0	65%	27%	\$21,073.0	\$15,998.1	BBB+	NR	2.63	MI	28.7%	14.4	2.91
DTE Energy Company (NYSE:DTE)	\$14,212.0	37%	39%	\$21,650.0	\$20,066.4	BBB+	Baa1	3.15	MI	42.9%	0.1	1.87
Edison International (NYSE:EIX)	\$13,578.0	100%	0%	\$48,796.0	\$21,884.6	BBB	Baa3	2.79x	CA	41.7%	5.4	1.56
Energy Corporation (NYSE:ETR)	\$10,113.6	91%	0%	\$39,196.1	\$17,868.8	BBB+	Baa2	2.18x	LA, AR, MS, TX	34.0%	13.1	1.64
IDACORP, Inc. (NYSE:IDA)	\$1,350.7	100%	0%	\$4,709.5	\$4,549.3	BBB	Baa1	3.01x	ID	56.1%	9.5	1.78
NorthWestern Corporation (NasdaqGS:NWE)	\$1,198.7	78%	22%	\$4,952.9	\$3,083.0	BBB	NR	2.43x	MT, SD, NE	47.3%	7.5	1.48
OG Energy Corp. (NYSE:OGE)	\$2,122.3	100%	0%	\$9,274.4	\$6,348.7	BBB+	NR	3.25x	OK, AR	51.0%	-4.5	1.75
Otter Tail Corporation (NasdaqGS:OTTR)	\$890.1	50%	0%	\$2,068.4	\$1,779.6	BBB	Baa2	4.22	MN, ND, SD	58.2%	11.6	2.04
Sempra Energy (NYSE:SRE)	\$11,370.0	56%	44%	\$40,546.0	\$36,059.8	BBB+	Baa2	2.52	CA, TX	49.2%	10.1	1.78
Mean	\$5,483.2	73%	17%	\$18,044.2	\$12,112.4	BBB+	Baa2	2.85		46.3%	7.1	1.84
Median	\$2,122.3	78%	13%	\$9,274.4	\$6,348.7	BBB+	Baa2	2.78		47.3%	7.7	1.78

Data Source: Company 2020 SEC 10-K filings, S&P Capital IQ Value Line Investment Survey, 2021.

Panel C
Gas Proxy Group

Company	Revenue	Revenue	Elec	(\$mil)	(\$mil)	Credit Rating	Credit Rating	Interest	Primary Service Area	Equity Ratio	Equity	Book Ratio
Atmos Energy Company (NYSE-ATO)	2860.1	95%	0%	13582.5	11753.6	A-	NR	10.88	TX, LA, MS, CO, KS, KY	60.0%	9.6	1.73
Chesapeake Utilities (NYSE-CPK)	488.2	45%	16%	1611.2	1971.3	NR	NR	5.16	DE, MD, FL	57.8%	11.2	2.83
New Jersey Resources Corp. (NYSE-NJR)	1792.9	27%	0%	4114.8	3871.2	NR	NR	3.13	NJ	44.3%	11.3	2.10
Nisource Inc (NYSE-NI)	4681.7	68%	33%	16659.4	8566.1	BBB+	Baa2	2.67	IN, OH, PA, KY, VA, MD, MA	34.8%	-1.5	1.76
Northwest Natural Holdings (NYSE-NWN)	773.7	97%	0%	2732.2	1582.7	A+	NR	3.04	OR, WA	43.3%	8.0	1.78
ONE Gas, Inc. (NYSE-OGS)	1530.3	100%	0%	4904.3	3918.8	BBB+	A2	4.77	OK, KS, TX	52.7%	9.0	1.75
South Jersey Industries, Inc. (NYSE-SJI)	1541.4	55%	5%	4466.2	2677.6	BBB	NR	2.37	NJ	32.9%	10.2	1.61
Southwest Gas Company (NYSE-SWX)	3298.9	46%	0%	6869.5	3964.6	BBB+	Baa2	3.58	AZ, NV, CA	48.5%	9.0	1.48
Spire (NYSE-SR)	1801.1	95%	0%	5177.5	3664.1	A-	Baa2	3.51	MO	40.8%	4.1	1.61
Mean	\$2,085.4	70%	6%	\$6,679.9	\$4,663.3	A / BBB+	Baa1	4.34		46.1%	7.9	1.85
Median	\$1,792.9	68%	0%	\$4,904.3	\$3,871.2	A- / BBB+	Baa1	3.51		44.3%	9.0	1.75

Data Source: S&P Capital IQ, 2020 Fiscal Year-end data.

Value Line Risk Metrics for Proxy Groups

Panel A
Electric Proxy Group

Company	Beta	Financial Strength	Safety	Earnings Predictability	Stock Price Stability
ALLETE, Inc. (NYSE-ALE)	0.90	A	2	85	90
Alliant Energy Corporation (NYSE-LNT)	0.85	A	2	90	95
Ameren Corporation (NYSE-AEE)	0.80	A	2	90	100
American Electric Power Co. (NYSE-AEP)	0.75	A+	1	95	100
Avista Corporation (NYSE-AVA)	0.95	B++	2	60	70
CMS Energy Corporation (NYSE-CMS)	0.75	B++	2	85	95
Consolidated Edison, Inc. (NYSE-ED)	0.75	A+	1	100	85
Dominion Energy Inc. (NYSE-D)	0.80	B++	2	45	90
Duke Energy Corporation (NYSE-DUK)	0.85	A	2	95	95
Edison International (NYSE-EIX)	0.95	B+	3	5	75
Entergy Corporation (NYSE-ETR)	0.95	B++	2	65	90
Evergy, Inc. (NYSE-EVRG)	0.95	B++	2	NMF	65
Eversource Energy (NYSE-ES)	0.90	A	1	100	85
Hawaiian Electric Industries (NYSE-HE)	0.80	A	2	65	85
IDACORP, Inc. (NYSE-IDA)	0.80	A	2	100	100
MGE Energy, Inc. (NYSE-MGEE)	0.70	A+	1	100	95
NextEra Energy, Inc. (NYSE-NEE)	0.90	A+	1	80	95
NorthWestern Corporation (NYSE-NWE)	0.95	B++	2	85	90
OGE Energy Corp. (NYSE-OGE)	1.05	A	2	90	80
Otter Tail Corporation (NDQ-OTTR)	0.85	A	2	90	100
Pinnacle West Capital Corp. (NYSE-PNW)	0.90	A+	1	100	90
Portland General Electric Company (NYSE-POR)	0.85	B++	3	90	90
PPL Corporation (NYSE-PPL)	1.10	B++	2	75	80
Sempra Energy (NYSE-SRE)	1.00	A	2	75	90
Southern Company (NYSE-SO)	0.95	A	2	90	90
WEC Energy Group (NYSE-WEC)	0.80	A+	1	95	85
Xcel Energy Inc. (NYSE-XEL)	0.80	A+	1	100	95
Mean	0.87	A	1.8	83	89

Data Source: Value Line Investment Survey, 2021.

Panel B
McKenzie Proxy Group

Company	Beta	Financial Strength	Safety	Earnings Predictability	Stock Price Stability
ALLETE, Inc. (NYSE:ALE)	0.90	A	2	85	90
Ameren Corporation (NYSE:AEE)	0.80	A	2	90	100
Avista Corporation (NYSE:AVA)	0.95	B++	2	60	70
Black Hills Corporation (NYSE-BKH)	1.00	A	2	80	80
CMS Energy Corporation (NYSE:CMS)	0.75	B++	2	85	95
DTE Energy Company (NYSE-DTE)	0.95	A	2	85	95
Edison International (NYSE:EIX)	0.95	B+	3	5	75
Entergy Corporation (NYSE:ETR)	0.95	B++	2	65	90
IDACORP, Inc. (NYSE:IDA)	0.80	A	2	100	100
NorthWestern Corporation (NasdaqGS:NWE)	0.95	B++	2	85	90
OGE Energy Corp. (NYSE:OGE)	1.05	A	2	90	80
Otter Tail Corporation (NasdaqGS:OTTR)	0.85	A	2	90	100
Sempra Energy (NYSE:SRE)	1.00	A	2	75	90
Mean	0.92	A	2.1	77	89

Data Source: Value Line Investment Survey, 2021.

Panel C
Gas Proxy Group

Company	Beta	Financial Strength	Safety	Earnings Predictability	Stock Price Stability
Atmos Energy Company (NYSE-ATO)	0.80	A+	1	100	95
Chesapeake Utilities (NYSE-CPK)	0.80	A	2	95	85
New Jersey Resources Corp. (NYSE-NJR)	0.95	A+	2	50	80
Nisource Inc (NYSE-NI)	0.85	B+	2	45	95
Northwest Natural Gas Co. (NYSE-NWN)	0.80	A	1	5	85
ONE Gas, Inc. (NYSE-OGS)	0.80	A	2	100	95
South Jersey Industries, Inc. (NYSE-SJI)	1.05	A	3	65	70
Southwest Gas Company (NYSE-SWX)	0.95	A	3	95	85
Spire (NYSE-SR)	0.85	B++	2	50	95
Mean	0.87	A	2.0	67	87

Data Source: Value Line Investment Survey, 2021.

Value Line Risk Metrics for Proxy Groups

Beta

A relative measure of the historical sensitivity of a stock's price to overall fluctuations in the New York Stock Exchange Composite Index. A beta of 1.50 indicates a stock tends to rise (or fall) 50% more than the New York Stock Exchange Composite Index. The "coefficient" is derived from a regression analysis of the relationship between weekly percentage changes in the price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In the case of shorter price histories, a smaller time period is used, but two years is the minimum. Betas are adjusted for their long-term tendency to converge toward 1.00.

Financial Strength

A relative measure of the companies reviewed by *Value Line*. The relative ratings range from A++ (strongest) down to C (weakest).

Safety Rank

A measurement of potential risk associated with individual common stocks. The Safety Rank is computed by averaging two other *Value Line* indexes the Price Stability Index and the Financial strength Rating. Safety Ranks range from 1 (Highest) to 5 (Lowest). Conservative investors should try to limit their purchases to equities ranked 1 (Highest) and 2 (Above Average) for Safety.

Earnings Predictability

A measure of the reliability of an earnings forecast. Earnings Predictability is based upon the stability of year-to-year comparisons, with recent years being weighted more heavily than earlier ones. The most reliable forecasts tend to be those with the highest rating (100); the least reliable, the lowest (5). The earnings stability is derived from the standard deviation of percentage changes in quarterly earnings over an eight-year period. Special adjustments are made for comparisons around zero and from plus to minus.

Stock Price Stability

A measure of the stability of a stock's price. It includes sensitivity to the market (see Beta as well as the stock's inherent volatility). *Value Line's* Stability ratings range from 1 (highest) to 5 (lowest).

Source: *Value Line Investment Analyzer*.