

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES,

Respondent.

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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**

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**EXHIBIT JRW-6**

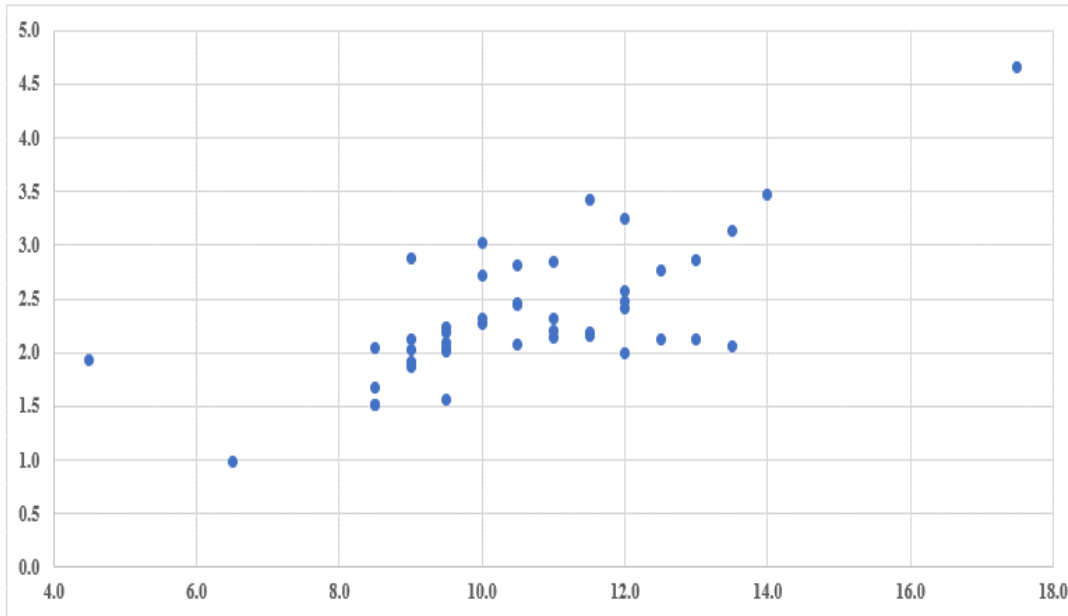
Public Utility Capital Cost Indicators

**April 21, 2021**

### The Relationship Between Expected ROE and Market-to-Book Ratios

#### Electric Utilities and Gas Distribution Companies

##### Market-to-Book



Expected Return on Equity

R-Square = .50, N=43

**Industry Average Betas**  
*Value Line Investment Survey Betas\*\**  
 28-Jan-21

Rank	Industry	Beta	Rank	Industry	Beta	Rank	Industry	Beta
1	Oilfield Svcs/Equip.	1.49	34	Bank (Midwest)	1.20	67	Investment Co.	1.01
2	Homebuilding	1.47	35	Restaurant	1.19	68	Med Supp Non-Invasive	1.00
3	Insurance (Life)	1.47	36	Machinery	1.19	69	Environmental	1.00
4	Petroleum (Integrated)	1.42	37	Electrical Equipment	1.18	70	Telecom. Equipment	1.00
5	Hotel/Gaming	1.42	38	Bank	1.18	71	Investment Co.(Foreign)	1.00
6	Petroleum (Producing)	1.41	39	Medical Services	1.17	72	E-Commerce	0.99
7	Apparel	1.39	40	Electronics	1.17	73	Retail Store	0.98
8	Air Transport	1.37	41	Maritime	1.17	74	Cable TV	0.96
9	Shoe	1.37	42	Heavy Truck & Equip	1.15	75	Drug	0.96
10	Retail (Hardlines)	1.36	43	Toiletries/Cosmetics	1.15	76	Telecom. Services	0.95
11	Building Materials	1.33	44	R.E.I.T.	1.15	77	Healthcare Information	0.94
12	Office Equip/Supplies	1.33	45	Automotive	1.15	78	Computer Software	0.94
13	Aerospace/Defense	1.31	46	Reinsurance	1.14	79	Tobacco	0.94
14	Metals & Mining (Div.)	1.30	47	Publishing	1.11	80	Trucking	0.94
15	Metal Fabricating	1.30	48	Computers/Peripherals	1.10	81	Telecom. Utility	0.93
16	Pipeline MLPs	1.30	49	Semiconductor Equip	1.10	82	Electric Utility (West)	0.90
17	Auto Parts	1.29	50	Industrial Services	1.09	83	Foreign Electronics	0.90
18	Steel	1.28	51	Precision Instrument	1.09	84	Biotechnology	0.90
19	Retail Automotive	1.27	52	Packaging & Container	1.09	85	Beverage	0.89
20	Oil/Gas Distribution	1.26	53	Railroad	1.08	86	Electric Utility (East)	0.89
21	Paper/Forest Products	1.25	54	Power	1.07	87	Natural Gas Utility	0.89
22	Furn/Home Furnishings	1.25	55	Wireless Networking	1.07	88	Electric Util. (Central)	0.89
23	Public/Private Equity	1.24	56	Med Supp Invasive	1.06	89	Household Products	0.81
24	Natural Gas (Div.)	1.24	57	Retail Building Supply	1.06	90	Retail/Wholesale Food	0.81
25	Advertising	1.23	58	Educational Services	1.06	91	Water Utility	0.79
26	Financial Svcs. (Div.)	1.22	59	Semiconductor	1.06	92	Entertainment Tech	0.79
27	Recreation	1.21	60	Internet	1.05	93	Food Processing	0.77
28	Engineering & Const	1.21	61	Insurance (Prop/Cas.)	1.05	94	Precious Metals	0.68
29	Retail (Softlines)	1.21	62	Human Resources	1.04			
30	Chemical (Specialty)	1.21	63	Information Services	1.03			
31	Chemical (Diversified)	1.21	64	Entertainment	1.03			
32	Diversified Co.	1.20	65	Thrift	1.02			
33	Chemical (Basic)	1.20	66	IT Services	1.01		Mean	1.12

\* Industry averages for 94 industries using *Value Line*'s database of 1,700 companies - Updated 1-28-21.

\*\* *Value Line* computes betas using monthly returns regressed against the New York Stock Exchange Index for five years.

These betas are then adjusted as follows:  $V_L \text{ Beta} = \{(2/3) * \text{Regressed Beta}\} + \{(1/3) * (1.0)\}$  to account to tendency

for Betas to regress toward average of 1.0. See M. Blume, "On the Assessment of Risk," *Journal of Finance*, March 1971.