BEFORE THE WASHINGTON

UTILITIES & TRANSPORTATION COMMISSION

WASHINGTON UTILIITES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES,

Respondent.

DOCKET NOS. UE-190334 and UG-190335, UE-190222 (*Consolidated*)

DAVID J. GARRETT

ON BEHALF OF PUBLIC COUNSEL

EXHIBIT DJG-6

Historic Trends

October 3, 2019

Market Cost of Equity vs. Awarded Returns

	A	C	E	G	I	K	M	O	Q	S	U
3		[1]		[2]		[3]		[4]	[5]	[6]	[7]
5		Electric Utilities		Gas Utilities		Total Utilities		S&P 500	T-Bond	Risk	Market
6	Year	ROE	#	ROE	#	ROE	#	Returns	Rate	Premium	COE
8	1990	12.70%	38	12.68%	33	12.69%	71	-3.06%	8.07%	3.89%	11.96%
9	1991	12.54%	42	12.45%	31	12.50%	73	30.23%	6.70%	3.48%	10.18%
10	1992	12.09%	45	12.02%	28	12.06%	73	7.49%	6.68%	3.55%	10.23%
11	1993	11.46%	28	11.37%	40	11.41%	68	9.97%	5.79%	3.17%	8.96%
12	1994	11.21%	28	11.24%	24	11.22%	52	1.33%	7.82%	3.55%	11.37%
13	1995	11.58%	28	11.44%	13	11.54%	41	37.20%	5.57%	3.29%	8.86%
14	1996	11.40%	18	11.12%	17	11.26%	35	22.68%	6.41%	3.20%	9.61%
15	1997	11.33%	10	11.30%	12	11.31%	22	33.10%	5.74%	2.73%	8.47%
16	1998	11.77%	10	11.51%	10	11.64%	20	28.34%	4.65%	2.26%	6.91%
17	1999	10.72%	6	10.74%	6	10.73%	12	20.89%	6.44%	2.05%	8.49%
18	2000	11.58%	9	11.34%	13	11.44%	22	-9.03%	5.11%	2.87%	7.98%
19	2001	11.07%	15	10.96%	5	11.04%	20	-11.85%	5.05%	3.62%	8.67%
20	2002	11.21%	14	11.17%	19	11.19%	33	-21.97%	3.81%	4.10%	7.91%
21	2003	10.96%	20	10.99%	25	10.98%	45	28.36%	4.25%	3.69%	7.94%
22	2004	10.81%	21	10.63%	22	10.72%	43	10.74%	4.22%	3.65%	7.87%
23	2005	10.51%	24	10.41%	26	10.46%	50	4.83%	4.39%	4.08%	8.47%
24	2006	10.32%	26	10.40%	15	10.35%	41	15.61%	4.70%	4.16%	8.86%
25	2007	10.30%	38	10.22%	35	10.26%	73	5.48%	4.02%	4.37%	8.39%
26	2008	10.41%	37	10.39%	32	10.40%	69	-36.55%	2.21%	6.43%	8.64%
27	2009	10.52%	40	10.22%	30	10.39%	70	25.94%	3.84%	4.36%	8.20%
28	2010	10.37%	61	10.15%	39	10.28%	100	14.82%	3.29%	5.20%	8.49%
29	2011	10.29%	42	9.92%	16	10.19%	58	2.10%	1.88%	6.01%	7.89%
30	2012	10.17%	58	9.94%	35	10.08%	93	15.89%	1.76%	5.78%	7.54%
31	2013	10.03%	49	9.68%	21	9.93%	70	32.15%	3.04%	4.96%	8.00%
32	2014	9.91%	38	9.78%	26	9.86%	64	13.52%	2.17%	5.78%	7.95%
33	2015	9.85%	30	9.60%	16	9.76%	46	1.38%	2.27%	6.12%	8.39%
34	2016	9.77%	42	9.54%	26	9.68%	68	11.77%	2.45%	5.69%	8.14%
35	2017	9.74%	53	9.72%	24	9.73%	77	21.64%	2.41%	5.08%	7.49%
36	2018	9.59%	48	9.59%	41	9.59%	89	-4.23%	2.68%	5.96%	8.64%

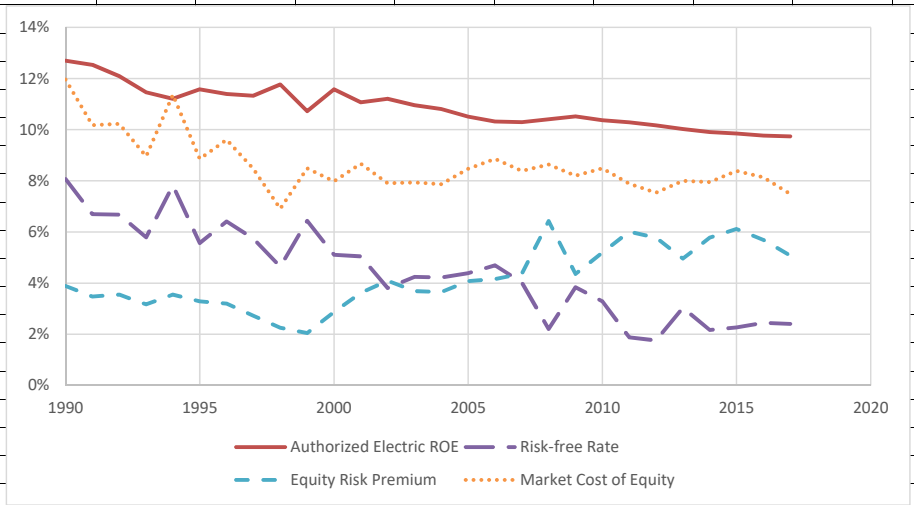
41 [1], [2], [3] Average annual authorized ROE for electric and gas utilities, RRA Regulatory Focus: Major Rate Case Decisions

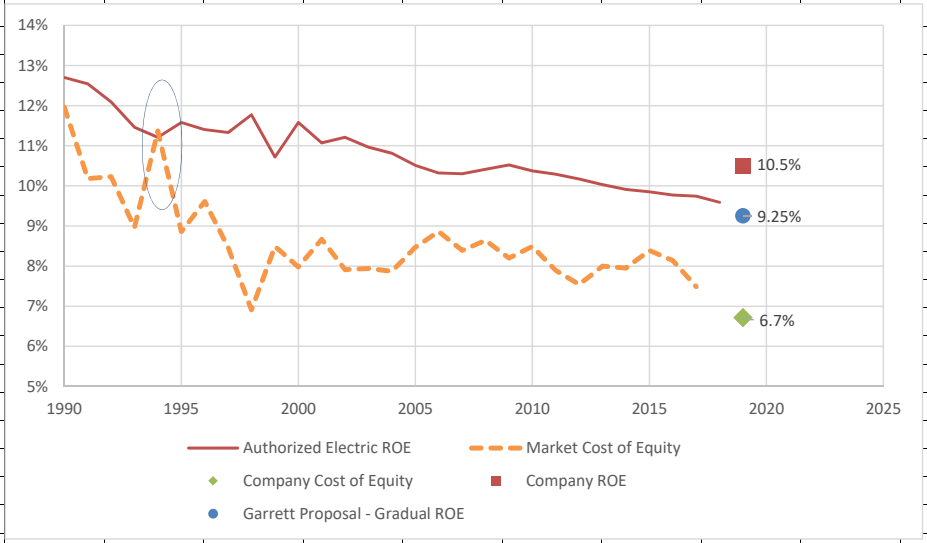
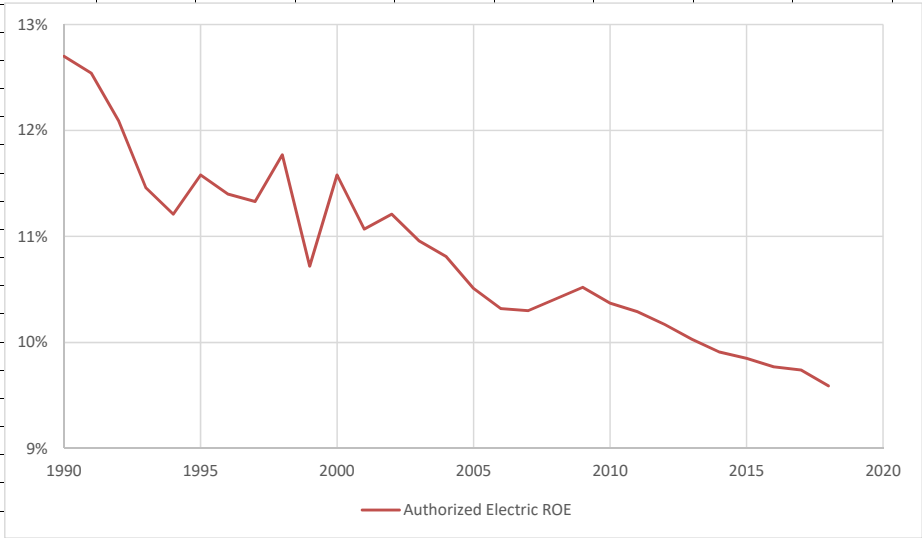
42 [3] = [1] + [2]

43 [4], [5], [6] Annual S&P 500 return, 10-year T-bond Rate, and equity risk premium published by NYU Stern School of Business

44 [7] = [5] + [6] ; Market cost of equity represents the required return for investing in all stocks in the market for a given year

Market Cost of Equity vs. Awarded Returns





My Estimate	
	6.7%
Company ROE	
	10.5%
Gradual ROE	
	9.25%