

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-16\_\_\_\_\_

DOCKET NO. UG-16\_\_\_\_\_

EXHIBIT NO. \_\_\_\_ (AMM-8)

ADRIEN M. MCKENZIE

REPRESENTING AVISTA CORPORATION

UTILITY GROUP

	Company	(a) Market Return ( $R_m$ )			(c) Risk-Free Rate	(d) Market Risk Premium		(e) (d) Beta Adjusted RP			(f) Total Unadjusted Market Cap	(g) Size Adjustment	Size Adjusted $K_e$			
		Div Yield	Proj. Growth	Cost of Equity		Unadjusted RP	Risk Premium	Beta	Weight	RP <sup>2</sup>						
						Weight	RP <sup>1</sup>									
1	ALLETE	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.80	75%	4.9%	7.0%	10.0%	\$ 2,434.3	1.74%	11.7%
2	Ameren Corp.	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.75	75%	4.6%	6.7%	9.7%	\$ 10,638.0	0.63%	10.3%
3	American Elec Pwr	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.70	75%	4.3%	6.4%	9.4%	\$ 28,638.5	-0.36%	9.0%
4	Avista Corp.	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.80	75%	4.9%	7.0%	10.0%	\$ 2,209.9	1.74%	11.7%
5	CMS Energy Corp.	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.75	75%	4.6%	6.7%	9.7%	\$ 10,019.9	0.91%	10.6%
6	DTE Energy Co.	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.75	75%	4.6%	6.7%	9.7%	\$ 14,128.4	0.63%	10.3%
7	Edison International	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.70	75%	4.3%	6.4%	9.4%	\$ 18,991.5	0.63%	10.0%
8	El Paso Electric	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.75	75%	4.6%	6.7%	9.7%	\$ 1,536.7	1.71%	11.4%
9	Great Plains Energy	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.85	75%	5.2%	7.3%	10.3%	\$ 4,204.9	1.06%	11.3%
10	IDACORP, Inc.	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.80	75%	4.9%	7.0%	10.0%	\$ 3,399.0	1.60%	11.6%
11	NorthWestern Corp.	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.70	75%	4.3%	6.4%	9.4%	\$ 2,711.8	1.60%	11.0%
12	Otter Tail Corp.	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.85	75%	5.2%	7.3%	10.3%	\$ 996.7	2.15%	12.4%
13	PG&E Corp.	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.70	75%	4.3%	6.4%	9.4%	\$ 25,714.7	-0.36%	9.0%
14	Portland General Elec.	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.80	75%	4.9%	7.0%	10.0%	\$ 3,187.8	1.60%	11.6%
15	Sempra Energy	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.80	75%	4.9%	7.0%	10.0%	\$ 21,594.3	0.63%	10.6%
16	Westar Energy	2.7%	8.5%	11.2%	3.0%	8.2%	25%	2.1%	0.75	75%	4.6%	6.7%	9.7%	\$ 5,967.2	0.91%	10.6%
	<b>Average</b>												<b>9.8%</b>			<b>10.8%</b>
	<b>Midpoint (h)</b>												<b>9.8%</b>			<b>10.7%</b>

(a) Weighted average for dividend-paying stocks in the S&P 500 based on data from [www.valueline.com](http://www.valueline.com) (Jan. 8, 2016).

(b) Average of weighted average earnings growth rates from IBES and Value Line Investment Survey for dividend-paying stocks in the S&P 500 based on data from <http://finance.yahoo.com> (retrieved Jan. 8, 2016). and [www.valueline.com](http://www.valueline.com) (Jan. 8, 2016).

(c) Average yield on 30-year Treasury bonds for the six-months ending Dec. 2015 based on data from the Federal Reserve at <http://www.federalreserve.gov/releases/h15/data.htm>.

(d) Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* at 190 (2006).

(e) The Value Line Investment Survey (Nov. 20 & Dec. 18, 2015; Jan. 29, 2016).

(f) [www.valueline.com](http://www.valueline.com) (retrieved Jan. 8, 2016).

(g) Morningstar, "2015 Ibbotson S&P Market Report," at Table 10 (2015); "2015 Ibbotson S&P Classic Yearbook," at Errata Table 7-6 (2015).

(h) Average of low and high values.

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	Company	(a) Market Return (R <sub>m</sub> )			(c) Risk-Free Rate	(d) Market Risk Premium		(e) Unadjusted RP Weight	(d) Beta	(e) Adjusted RP Weight	(d) RP <sup>2</sup>	(f) Total RP	(f) Unadjusted K <sub>e</sub>	(f) Market Cap	(g) Size Adjustment	(g) Size Adjusted K <sub>e</sub>
		Div Yield	Proj. Growth	Cost of Equity		Risk	Premium									
1	ALLETE	2.7%	8.5%	11.2%	4.2%	7.0%	25%	1.8%	0.80	75%	4.2%	6.0%	10.2%	\$ 2,434.3	1.74%	11.9%
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	<b>Average</b>												<b>10.0%</b>			<b>11.0%</b>
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(b) Average of weighted average earnings growth rates from IBES and Value Line Investment Survey for dividend-paying stocks in the S&P 500 based on data from http://finance.yahoo.com (retrieved Jan. 8, 2016). and www.valueline.com (Jan. 8, 2016).

(c) Average yield on 30-year Treasury bonds for 2016-20 based on data from the Value Line Investment Survey, Forecast for the U.S. Economy (Dec. 4, 2015); IHS Global Insight, The U.S. Economy: The 30-Year Focus (Third-Quarter 2015); & Blue Chip Financial Forecasts, Vol. 34, No. 6 (Dec. 1, 2015).

(d) Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* at 190 (2006).

(e) The Value Line Investment Survey (Nov. 20 & Dec. 18, 2015; Jan. 29, 2016).

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