

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-20 _____

DOCKET NO. UG-20 _____

EXH. AMM-4

ADRIEN M. MCKENZIE

REPRESENTING AVISTA CORPORATION

ROE ANALYSIS

Exh. AMM-4
 Page 1 of 1

SUMMARY OF RESULTS

Method	Average	Midpoint
<u>DCF</u>		
Value Line	9.3%	10.4%
IBES	9.4%	9.8%
Zacks	9.3%	10.1%
Internal br + sv	8.8%	8.8%
<u>CAPM</u>	11.2%	11.6%
<u>Empirical CAPM</u>	11.4%	11.8%
<u>Utility Risk Premium</u>		
Current Bond Yield	9.3%	
Projected Bond Yields	10.1%	
<u>Expected Earnings</u>	10.3%	10.9%

ROE Recommendation			
Cost of Equity Range	9.3%	--	10.7%
Flotation Cost Adjustment			
Dividend Yield		4.0%	
Flotation Cost Percentage		2.9%	
Adjustment		0.1%	
Recommended ROE Range	9.4%	--	10.8%
Midpoint		10.1%	