

Exh. DCP-16
Dockets UE-200900, UG-200901,
UE-200894
Witness: David C. Parcell

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION, d/b/a
AVISTA UTILITIES,**

Respondent.

**DOCKETS UE-200900, UG-200901,
UE-200894 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

David C. Parcell

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Risk Premium Analysis

April 21, 2021

**RISK PREMIUM ANALYSIS
CALCULATION OF RISK PREMIUMS**

	2016	2017	2018	2019	2020	5-Year Average
Average Authorized ROE General Rate Cases	9.60%	9.68%	9.56%	9.65%	9.39%	9.58%
Annual Average Yields on Baa rated Utility Bonds						
No Lag	4.68%	4.38%	4.67%	4.19%	3.39%	4.26%
3 Months Lag	4.91%	4.48%	4.48%	4.50%	3.53%	4.38%
6 Months Lag	5.18%	4.46%	4.38%	4.71%	3.71%	4.49%
9 Months Lag	5.24%	4.50%	4.32%	4.77%	3.92%	4.55%
12 Months Lag	5.03%	4.68%	4.38%	4.67%	4.19%	4.59%
Risk Premiums of ROEs vs Baa rated Utility Bonds						
No Lag	4.92%	5.30%	4.89%	5.46%	6.00%	5.31%
3 Months Lag	4.69%	5.20%	5.08%	5.15%	5.86%	5.20%
6 Months Lag	4.42%	5.22%	5.18%	4.94%	5.68%	5.09%
9 Months Lag	4.36%	5.18%	5.24%	4.88%	5.47%	5.03%
12 Months Lag	4.57%	5.00%	5.18%	4.98%	5.20%	4.99%

Sources: S&P Global Intelligence, provided in response to Staff DR-028; Mergent Bond Record.

**RISK PREMIUM ANALYSIS
YIELDS ON Baa PUBLIC UTILITY BONDS**

Year/Month	Yield	Annual Average Yield	3-Month Lagged Average Yield	6-Month Lagged Average Yield	9-Month Lagged Average Yield	12-Month Lagged Average Yield
2015						
Jan	4.39%					
Feb	4.44%					
Mar	4.51%					
Apr	4.51%					
May	4.91%					
Jun	5.13%					
Jul	5.22%					
Aug	5.23%					
Sep	5.42%					
Oct	5.47%					
Nov	5.57%					
Dec	5.55%	5.03%				
2016						
Jan	5.49%					
Feb	5.28%					
Mar	5.12%					
Apr	4.75%					
May	4.60%					
Jun	4.47%					
Jul	4.16%					
Aug	4.20%					
Sep	4.27%					
Oct	4.34%					
Nov	4.64%					
Dec	4.79%	4.68%	4.91%	5.18%	5.24%	
2017						
Jan	4.62%					
Feb	4.58%					
Mar	4.62%					
Apr	4.51%					
May	4.50%					
Jun	4.32%					
Jul	4.36%					
Aug	4.23%					
Sep	4.24%					
Oct	4.26%					
Nov	4.16%					
Dec	4.14%	4.38%	4.48%	4.46%	4.50%	
2018						
Jan	4.18%					
Feb	4.42%					
Mar	4.52%					
Apr	4.58%					
May	4.71%					
Jun	4.71%					
Jul	4.67%					
Aug	4.64%					
Sep	4.74%					
Oct	4.91%					
Nov	5.03%					
Dec	4.92%	4.67%	4.48%	4.38%	4.32%	
2019						
Jan	4.91%					
Feb	4.76%					
Mar	4.65%					
Apr	4.55%					
May	4.47%					
Jun	4.31%					
Jul	4.13%					
Aug	3.63%					
Sep	3.71%					
Oct	3.72%					
Nov	3.76%					
Dec	3.73%	4.19%	4.50%	4.71%	4.77%	
2020						
Jan	3.60%					
Feb	3.42%					
Mar	3.96%					
Apr	3.82%					
May	3.63%					
Jun	3.44%					
Jul	3.09%					
Aug	3.06%					
Sep	3.17%					
Oct	3.27%					
Nov	3.17%					
Dec	3.05%	3.39%	3.53%	3.71%	3.92%	

Source: Mergent Bond Record.