

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES,

Respondent.

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**

EXHIBIT JRW-4

Capital Structure Ratios and Debt Cost Ratios

April 21, 2021

Summary Financial Statistics for Proxy Groups

Panel A
Electric Proxy Group

| Company | Operating Revenue (\$mil) | Percent Reg Elec Revenue | Percent Reg Gas Revenue | Net Plant (\$mil) | Market Cap (\$mil) | S&P Issuer Credit Rating | Moody's Long Term Rating | Pre-Tax Interest Coverage | Primary Service Area | Common Equity Ratio | Return on Equity | Market to Book Ratio |
|---|---------------------------|--------------------------|-------------------------|-------------------|--------------------|--------------------------|--------------------------|---------------------------|----------------------------|---------------------|------------------|----------------------|
| ALLETE, Inc. (NYSE:ALE) | 1,169.1 | 84% | 0% | 4,863.2 | 3,315.7 | BBB | Baa1 | 2.43 | MN, WI | 59.0% | 7.7 | 1.45 |
| Alliant Energy Corporation (NasdaqGS:LNT) | 3,416.0 | 85% | 11% | 14,336.0 | 12,091.7 | A- | Baa2 | 2.51 | WI, IA, IL, MN | 45.7% | 11.3 | 2.13 |
| Ameren Corporation (NYSE:AEE) | 5,540.0 | 80% | 13% | 26,807.0 | 18,459.5 | BBB+ | Baa1 | 3.38 | IL, MO | 44.7% | 10.2 | 2.07 |
| American Electric Power Company, Inc. (NasdaqGS:AE) | 14,918.5 | 97% | 0% | 64,768.0 | 39,182.1 | A- | NR | 2.67 | 10 States | 41.5% | 11.0 | 1.91 |
| Avista Corporation (NYSE:AVA) | 1,321.9 | 64% | 22% | 5,130.3 | 2,972.8 | BBB | Baa2 | 2.24 | WA, OR, AK, ID | 49.1% | 6.5 | 1.46 |
| CMS Energy Corporation (NYSE:CMS) | 6,680.0 | 65% | 27% | 21,073.0 | 15,998.1 | BBB+ | NR | 2.63 | MI | 28.7% | 14.4 | 2.91 |
| Consolidated Edison, Inc. (NYSE:ED) | 12,246.0 | 71% | 19% | 47,395.0 | 23,387.2 | A- | Baa2 | 2.39 | NY, PA | 47.9% | 6.0 | 1.24 |
| Dominion Energy, Inc. (NYSE:DM) | 14,172.0 | 75% | 17% | 58,412.0 | 56,283.6 | BBB+ | NR | 2.61 | VA, NC, SC, OH, WV, UT | 41.2% | 5.3 | 2.37 |
| Duke Energy Corporation (NYSE:DUK) | 23,453.0 | 91% | 7% | 106,854.0 | 68,049.8 | BBB+ | Baa2 | 2.52 | NC, OH, FL, SC, KY | 45.6% | 2.8 | 1.48 |
| Edison International (NYSE:EIX) | 13,578.0 | 100% | 0% | 48,796.0 | 21,884.6 | BBB | Baa3 | 2.79 | CA | 41.7% | 5.4 | 1.56 |
| Energy Corporation (NYSE:ETR) | 10,113.6 | 91% | 0% | 39,196.1 | 17,868.8 | BBB+ | Baa2 | 2.18 | LA, AR, MS, TX | 34.0% | 13.1 | 1.64 |
| Eversource Energy (NYSE:ES) | 4,913.4 | 100% | 0% | 20,442.3 | 12,561.4 | A- | NR | 3.00 | KS, MO | 48.7% | 7.2 | 1.44 |
| Eversource Energy (NYSE:ES) | 8,904.4 | 80% | 14% | 30,937.7 | 27,666.7 | A- | Baa1 | 3.80 | CT, NH, MA | 47.4% | 9.0 | 1.97 |
| Hawaiian Electric Industries, Inc. (NYSE:HE) | 2,579.8 | 88% | 0% | 5,418.8 | 4,065.9 | BBB- | Baa2 | 3.40 | HI | 52.5% | 8.6 | 1.74 |
| IDACORP, Inc. (NYSE:IDA) | 1,350.7 | 100% | 0% | 4,709.5 | 4,549.3 | BBB | Baa1 | 3.01 | ID | 56.1% | 9.5 | 1.78 |
| MGE Energy, Inc. (NasdaqGS:MGEE) | 524.5 | 72% | 28% | 1,775.4 | 2,369.4 | AA | A1 | 5.24 | WI | 65.3% | 10.1 | 2.43 |
| NextEra Energy, Inc. (NYSE:NEE) | 17,997.0 | 73% | 0% | 91,803.0 | 138,563.1 | A- | Baa1 | 2.64 | FL | 46.5% | 7.9 | 3.79 |
| NorthWestern Corporation (NasdaqGS:NWE) | 1,198.7 | 78% | 22% | 4,952.9 | 3,083.0 | BBB | NR | 2.43 | MT, SD, NE | 47.3% | 7.5 | 1.48 |
| OG Energy Corp. (NYSE:OGE) | 2,122.3 | 100% | 0% | 9,274.4 | 6,348.7 | BBB+ | NR | 3.25 | OK, AR | 51.0% | -4.5 | 1.75 |
| Otter Tail Corporation (NasdaqGS:OTTR) | 890.1 | 50% | 0% | 2,068.4 | 1,779.6 | BBB | Baa2 | 4.22 | MN, ND, SD | 58.2% | 11.6 | 2.04 |
| Pinnacle West Capital Corporation (NYSE:PNW) | 3,587.0 | 100% | 0% | 15,268.1 | 8,598.4 | A- | A3 | 3.41 | AZ | 47.2% | 10.0 | 1.53 |
| Portland General Electric Company (NYSE:POR) | 2,145.0 | 91% | 8% | 7,218.0 | 3,879.7 | BBB+ | A3 | 1.83 | OR | 47.5% | 6.0 | 1.48 |
| PPL Corporation (NYSE:PPL) | 7,607.0 | 91% | 8% | 38,979.0 | 21,226.0 | A- | Baa2 | 2.80 | PA, KY, UK | 44.5% | 11.1 | 2.27 |
| Sempra Energy (NYSE:SRE) | 11,370.0 | 56% | 44% | 40,546.0 | 36,059.8 | BBB+ | Baa2 | 2.52 | CA, TX | 49.2% | 10.1 | 1.78 |
| The Southern Company (NYSE:SO) | 20,375.0 | 83% | 14% | 89,016.0 | 61,653.2 | A- | NR | 2.85 | GA, FL, NJ, IL, VA, TN, MS | 38.4% | 11.2 | 2.20 |
| WEC Energy Group, Inc. (NYSE:WEC) | 7,241.7 | 82% | 17% | 25,728.1 | 26,647.9 | A- | Baa1 | 2.53 | WI, IL, MN, MI | 47.3% | 11.7 | 2.55 |
| Xcel Energy Inc. (NasdaqGS:XEL) | 11,526.0 | 85% | 14% | 44,129.0 | 32,984.8 | A- | Baa1 | 3.51 | MN, WI, ND, SD, MI | 42.6% | 10.6 | 2.26 |
| Mean | \$7,812.6 | 83% | 11% | \$32,203.6 | \$24,871.5 | BBB+ | Baa1 | 2.92 | | 47.0% | 8.6 | 1.95 |
| Median | \$6,680.0 | 84% | 8% | \$25,728.1 | \$17,868.8 | BBB+ | Baa1 | 2.6 | | 47.3% | 9.5 | 1.78 |

Data Source: Company 2020 SEC 10-K filings, S&P Capital IQ Value Line Investment Survey, 2021.

Panel B
McKenzie Proxy Group

| Company | Operating Revenue (\$mil) | Percent Reg Elec Revenue | Percent Reg Gas Revenue | Net Plant (\$mil) | Market Cap (\$mil) | S&P Issuer Credit Rating | Moody's Long Term Rating | Pre-Tax Interest Coverage | Primary Service Area | Common Equity Ratio | Return on Equity | Market to Book Ratio |
|---|---------------------------|--------------------------|-------------------------|-------------------|--------------------|--------------------------|--------------------------|---------------------------|----------------------|---------------------|------------------|----------------------|
| ALLETE, Inc. (NYSE:ALE) | \$1,169.1 | 84% | 0% | \$4,863.2 | \$3,315.7 | BBB | Baa1 | 2.43 | MN, WI | 59.0% | 7.7 | 1.45 |
| Ameren Corporation (NYSE:AEE) | \$5,540.0 | 80% | 13% | \$26,807.0 | \$18,459.5 | BBB+ | Baa1 | 3.38 | IL, MO | 44.7% | 10.2 | 2.07 |
| Avista Corporation (NYSE:AVA) | \$1,321.9 | 64% | 22% | \$5,130.3 | \$2,972.8 | BBB | Baa2 | 2.24 | WA, OR, AK, ID | 49.1% | 6.5 | 1.46 |
| Black Hills Corporation (NYSE:BKH) | \$1,734.9 | 41% | 58% | \$5,508.3 | \$5,074.5 | BBB+ | Baa2 | 2.78 | CO, SD, WY, MT | 40.3% | 0.1 | 2.15 |
| CMS Energy Corporation (NYSE:CMS) | \$6,680.0 | 65% | 27% | \$21,073.0 | \$15,998.1 | BBB+ | NR | 2.63 | MI | 28.7% | 14.4 | 2.91 |
| DTE Energy Company (NYSE:DTE) | \$14,212.0 | 37% | 39% | \$21,650.0 | \$20,066.4 | BBB+ | Baa1 | 3.15 | MI | 42.9% | 0.1 | 1.87 |
| Edison International (NYSE:EIX) | \$13,578.0 | 100% | 0% | \$48,796.0 | \$21,884.6 | BBB | Baa3 | 2.79x | CA | 41.7% | 5.4 | 1.56 |
| Energy Corporation (NYSE:ETR) | \$10,113.6 | 91% | 0% | \$39,196.1 | \$17,868.8 | BBB+ | Baa2 | 2.18x | LA, AR, MS, TX | 34.0% | 13.1 | 1.64 |
| IDACORP, Inc. (NYSE:IDA) | \$1,350.7 | 100% | 0% | \$4,709.5 | \$4,549.3 | BBB | Baa1 | 3.01x | ID | 56.1% | 9.5 | 1.78 |
| NorthWestern Corporation (NasdaqGS:NWE) | \$1,198.7 | 78% | 22% | \$4,952.9 | \$3,083.0 | BBB | NR | 2.43x | MT, SD, NE | 47.3% | 7.5 | 1.48 |
| OG Energy Corp. (NYSE:OGE) | \$2,122.3 | 100% | 0% | \$9,274.4 | \$6,348.7 | BBB+ | NR | 3.25x | OK, AR | 51.0% | -4.5 | 1.75 |
| Otter Tail Corporation (NasdaqGS:OTTR) | \$890.1 | 50% | 0% | \$2,068.4 | \$1,779.6 | BBB | Baa2 | 4.22 | MN, ND, SD | 58.2% | 11.6 | 2.04 |
| Sempra Energy (NYSE:SRE) | \$11,370.0 | 56% | 44% | \$40,546.0 | \$36,059.8 | BBB+ | Baa2 | 2.52 | CA, TX | 49.2% | 10.1 | 1.78 |
| Mean | \$5,483.2 | 73% | 17% | \$18,044.2 | \$12,112.4 | BBB+ | Baa2 | 2.85 | | 46.3% | 7.1 | 1.84 |
| Median | \$2,122.3 | 78% | 13% | \$9,274.4 | \$6,348.7 | BBB+ | Baa2 | 2.78 | | 47.3% | 7.7 | 1.78 |

Data Source: Company 2020 SEC 10-K filings, S&P Capital IQ Value Line Investment Survey, 2021.

Panel C
Gas Proxy Group

| Company | Revenue | Revenue | Elec | (\$mil) | (\$mil) | Credit Rating | Credit Rating | Interest | Primary Service Area | Equity Ratio | Equity | Book Ratio |
|--|-----------|---------|------|-----------|-----------|---------------|---------------|----------|----------------------------|--------------|--------|------------|
| Atmos Energy Company (NYSE-ATO) | 2860.1 | 95% | 0% | 13582.5 | 11753.6 | A- | NR | 10.88 | TX, LA, MS, CO, KS, KY | 60.0% | 9.6 | 1.73 |
| Chesapeake Utilities (NYSE-CPK) | 488.2 | 45% | 16% | 1611.2 | 1971.3 | NR | NR | 5.16 | DE, MD, FL | 57.8% | 11.2 | 2.83 |
| New Jersey Resources Corp. (NYSE-NJR) | 1792.9 | 27% | 0% | 4114.8 | 3871.2 | NR | NR | 3.13 | NJ | 44.3% | 11.3 | 2.10 |
| Nisource Inc (NYSE-NI) | 4681.7 | 68% | 33% | 16659.4 | 8566.1 | BBB+ | Baa2 | 2.67 | IN, OH, PA, KY, VA, MD, MA | 34.8% | -1.5 | 1.76 |
| Northwest Natural Holdings (NYSE-NWN) | 773.7 | 97% | 0% | 2732.2 | 1582.7 | A+ | NR | 3.04 | OR, WA | 43.3% | 8.0 | 1.78 |
| ONE Gas, Inc. (NYSE-OGS) | 1530.3 | 100% | 0% | 4904.3 | 3918.8 | BBB+ | A2 | 4.77 | OK, KS, TX | 52.7% | 9.0 | 1.75 |
| South Jersey Industries, Inc. (NYSE-SJI) | 1541.4 | 55% | 5% | 4466.2 | 2677.6 | BBB | NR | 2.37 | NJ | 32.9% | 10.2 | 1.61 |
| Southwest Gas Company (NYSE-SWX) | 3298.9 | 46% | 0% | 6869.5 | 3964.6 | BBB+ | Baa2 | 3.58 | AZ, NV, CA | 48.5% | 9.0 | 1.48 |
| Spire (NYSE-SR) | 1801.1 | 95% | 0% | 5177.5 | 3664.1 | A- | Baa2 | 3.51 | MO | 40.8% | 4.1 | 1.61 |
| Mean | \$2,085.4 | 70% | 6% | \$6,679.9 | \$4,663.3 | A / BBB+ | Baa1 | 4.34 | | 46.1% | 7.9 | 1.85 |
| Median | \$1,792.9 | 68% | 0% | \$4,904.3 | \$3,871.2 | A- / BBB+ | Baa1 | 3.51 | | 44.3% | 9.0 | 1.75 |

Data Source: S&P Capital IQ, 2020 Fiscal Year-end data.

Value Line Risk Metrics for Proxy Groups

Panel A
Electric Proxy Group

| Company | Beta | Financial Strength | Safety | Earnings Predictability | Stock Price Stability |
|--|------|--------------------|--------|-------------------------|-----------------------|
| ALLETE, Inc. (NYSE-ALE) | 0.90 | A | 2 | 85 | 90 |
| Alliant Energy Corporation (NYSE-LNT) | 0.85 | A | 2 | 90 | 95 |
| Ameren Corporation (NYSE-AEE) | 0.80 | A | 2 | 90 | 100 |
| American Electric Power Co. (NYSE-AEP) | 0.75 | A+ | 1 | 95 | 100 |
| Avista Corporation (NYSE-AVA) | 0.95 | B++ | 2 | 60 | 70 |
| CMS Energy Corporation (NYSE-CMS) | 0.75 | B++ | 2 | 85 | 95 |
| Consolidated Edison, Inc. (NYSE-ED) | 0.75 | A+ | 1 | 100 | 85 |
| Dominion Energy Inc. (NYSE-D) | 0.80 | B++ | 2 | 45 | 90 |
| Duke Energy Corporation (NYSE-DUK) | 0.85 | A | 2 | 95 | 95 |
| Edison International (NYSE-EIX) | 0.95 | B+ | 3 | 5 | 75 |
| Entergy Corporation (NYSE-ETR) | 0.95 | B++ | 2 | 65 | 90 |
| Evergy, Inc. (NYSE-EVRG) | 0.95 | B++ | 2 | NMF | 65 |
| Eversource Energy (NYSE-ES) | 0.90 | A | 1 | 100 | 85 |
| Hawaiian Electric Industries (NYSE-HE) | 0.80 | A | 2 | 65 | 85 |
| IDACORP, Inc. (NYSE-IDA) | 0.80 | A | 2 | 100 | 100 |
| MGE Energy, Inc. (NYSE-MGEE) | 0.70 | A+ | 1 | 100 | 95 |
| NextEra Energy, Inc. (NYSE-NEE) | 0.90 | A+ | 1 | 80 | 95 |
| NorthWestern Corporation (NYSE-NWE) | 0.95 | B++ | 2 | 85 | 90 |
| OGE Energy Corp. (NYSE-OGE) | 1.05 | A | 2 | 90 | 80 |
| Otter Tail Corporation (NDQ-OTTR) | 0.85 | A | 2 | 90 | 100 |
| Pinnacle West Capital Corp. (NYSE-PNW) | 0.90 | A+ | 1 | 100 | 90 |
| Portland General Electric Company (NYSE-POR) | 0.85 | B++ | 3 | 90 | 90 |
| PPL Corporation (NYSE-PPL) | 1.10 | B++ | 2 | 75 | 80 |
| Sempra Energy (NYSE-SRE) | 1.00 | A | 2 | 75 | 90 |
| Southern Company (NYSE-SO) | 0.95 | A | 2 | 90 | 90 |
| WEC Energy Group (NYSE-WEC) | 0.80 | A+ | 1 | 95 | 85 |
| Xcel Energy Inc. (NYSE-XEL) | 0.80 | A+ | 1 | 100 | 95 |
| Mean | 0.87 | A | 1.8 | 83 | 89 |

Data Source: Value Line Investment Survey, 2021.

Panel B
McKenzie Proxy Group

| Company | Beta | Financial Strength | Safety | Earnings Predictability | Stock Price Stability |
|---|------|--------------------|--------|-------------------------|-----------------------|
| ALLETE, Inc. (NYSE:ALE) | 0.90 | A | 2 | 85 | 90 |
| Ameren Corporation (NYSE:AEE) | 0.80 | A | 2 | 90 | 100 |
| Avista Corporation (NYSE:AVA) | 0.95 | B++ | 2 | 60 | 70 |
| Black Hills Corporation (NYSE-BKH) | 1.00 | A | 2 | 80 | 80 |
| CMS Energy Corporation (NYSE:CMS) | 0.75 | B++ | 2 | 85 | 95 |
| DTE Energy Company (NYSE-DTE) | 0.95 | A | 2 | 85 | 95 |
| Edison International (NYSE:EIX) | 0.95 | B+ | 3 | 5 | 75 |
| Entergy Corporation (NYSE:ETR) | 0.95 | B++ | 2 | 65 | 90 |
| IDACORP, Inc. (NYSE:IDA) | 0.80 | A | 2 | 100 | 100 |
| NorthWestern Corporation (NasdaqGS:NWE) | 0.95 | B++ | 2 | 85 | 90 |
| OGE Energy Corp. (NYSE:OGE) | 1.05 | A | 2 | 90 | 80 |
| Otter Tail Corporation (NasdaqGS:OTTR) | 0.85 | A | 2 | 90 | 100 |
| Sempra Energy (NYSE:SRE) | 1.00 | A | 2 | 75 | 90 |
| Mean | 0.92 | A | 2.1 | 77 | 89 |

Data Source: Value Line Investment Survey, 2021.

Panel C
Gas Proxy Group

| Company | Beta | Financial Strength | Safety | Earnings Predictability | Stock Price Stability |
|--|------|--------------------|--------|-------------------------|-----------------------|
| Atmos Energy Company (NYSE-ATO) | 0.80 | A+ | 1 | 100 | 95 |
| Chesapeake Utilities (NYSE-CPK) | 0.80 | A | 2 | 95 | 85 |
| New Jersey Resources Corp. (NYSE-NJR) | 0.95 | A+ | 2 | 50 | 80 |
| Nisource Inc (NYSE-NI) | 0.85 | B+ | 2 | 45 | 95 |
| Northwest Natural Gas Co. (NYSE-NWN) | 0.80 | A | 1 | 5 | 85 |
| ONE Gas, Inc. (NYSE-OGS) | 0.80 | A | 2 | 100 | 95 |
| South Jersey Industries, Inc. (NYSE-SJI) | 1.05 | A | 3 | 65 | 70 |
| Southwest Gas Company (NYSE-SWX) | 0.95 | A | 3 | 95 | 85 |
| Spire (NYSE-SR) | 0.85 | B++ | 2 | 50 | 95 |
| Mean | 0.87 | A | 2.0 | 67 | 87 |

Data Source: Value Line Investment Survey, 2021.

Value Line Risk Metrics for Proxy Groups

Beta

A relative measure of the historical sensitivity of a stock's price to overall fluctuations in the New York Stock Exchange Composite Index. A beta of 1.50 indicates a stock tends to rise (or fall) 50% more than the New York Stock Exchange Composite Index. The "coefficient" is derived from a regression analysis of the relationship between weekly percentage changes in the price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In the case of shorter price histories, a smaller time period is used, but two years is the minimum. Betas are adjusted for their long-term tendency to converge toward 1.00.

Financial Strength

A relative measure of the companies reviewed by *Value Line*. The relative ratings range from A++ (strongest) down to C (weakest).

Safety Rank

A measurement of potential risk associated with individual common stocks. The Safety Rank is computed by averaging two other *Value Line* indexes the Price Stability Index and the Financial strength Rating. Safety Ranks range from 1 (Highest) to 5 (Lowest). Conservative investors should try to limit their purchases to equities ranked 1 (Highest) and 2 (Above Average) for Safety.

Earnings Predictability

A measure of the reliability of an earnings forecast. Earnings Predictability is based upon the stability of year-to-year comparisons, with recent years being weighted more heavily than earlier ones. The most reliable forecasts tend to be those with the highest rating (100); the least reliable, the lowest (5). The earnings stability is derived from the standard deviation of percentage changes in quarterly earnings over an eight-year period. Special adjustments are made for comparisons around zero and from plus to minus.

Stock Price Stability

A measure of the stability of a stock's price. It includes sensitivity to the market (see Beta as well as the stock's inherent volatility). *Value Line's* Stability ratings range from 1 (highest) to 5 (lowest).

Source: *Value Line Investment Analyzer*.