

**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-5

The Relationship Between Expected ROE and Market-to-Book Ratios

April 21, 2021

Capital Structure Ratios and Debt Cost Rate

Panel A - Avista's Proposed Capital Structure and Debt Cost Rates

	Percent of Total	Cost
Long-Term Debt	50.00%	4.97%
Common Equity	<u>50.00%</u>	
Total Capital	100.00%	

Panel B - Avista Average Quarterly Capital Structure Ratios

Avista	Average
Short-Term Debt	5.45%
Long-Term Debt	47.99%
Common Equity	<u>46.57%</u>
Total Capital	100.00%
	0.00%
AEP	Average
Long-Term Debt	50.72%
Common Equity	<u>49.28%</u>
Total Capital	100.00%

Panel C - PC's Proposed Capital Structure Ratios and Debt Cost Rates

Capital Source	Capitalization Ratios	Cost
Long-Term Debt	51.50%	4.97%
Common Equity	<u>48.50%</u>	
Total Capitalization	100.00%	

Avista Average Quarterly Capital Structure Ratios
 Quarterly - 2018-2020

Avista	<u>2018 FQ1</u>	<u>2018 FQ2</u>	<u>2018 FQ3</u>	<u>2018 FQ4</u>	<u>2019 FQ1</u>	<u>2019 FQ2</u>	<u>2019 FQ3</u>	<u>2019 FQ4</u>	<u>2020 FQ1</u>	<u>2020 FQ2</u>	<u>2020 FQ3</u>	<u>2020 FQ4</u>	<u>Average</u>
Short-Term Debt	9.72%	0.07%	1.02%	7.71%	5.84%	7.08%	3.45%	6.03%	6.11%	8.55%	4.76%	5.01%	5.45%
Long-Term Debt	41.45%	51.81%	51.55%	46.37%	46.89%	46.19%	50.33%	47.67%	47.82%	46.55%	50.11%	49.09%	47.99%
Common Equity	48.83%	48.12%	47.43%	45.92%	47.26%	46.73%	46.22%	46.30%	46.07%	44.90%	45.13%	45.89%	46.57%
Total Capital	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Avista	<u>2018 FQ1</u>	<u>2018 FQ2</u>	<u>2018 FQ3</u>	<u>2018 FQ4</u>	<u>2019 FQ1</u>	<u>2019 FQ2</u>	<u>2019 FQ3</u>	<u>2019 FQ4</u>	<u>2020 FQ1</u>	<u>2020 FQ2</u>	<u>2020 FQ3</u>	<u>2020 FQ4</u>	<u>Average</u>
Long-Term Debt	45.92%	51.84%	52.08%	50.24%	49.80%	49.71%	52.13%	50.73%	50.93%	50.90%	52.61%	51.69%	50.72%
Common Equity	54.08%	48.16%	47.92%	49.76%	50.20%	50.29%	47.87%	49.27%	49.07%	49.10%	47.39%	48.31%	49.28%
Total Capital	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: S&P Global Market Intelligence