

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION, DBA
AVISTA UTILITIES,

Respondent.

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)
) DOCKET NOS. UE-140188 and
) UG-140189 (*Consolidated*)
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EXHIBIT NO.__(MPG-10)

SUSTAINABLE GROWTH RATE

July 22, 2014

Avista Corporation

Sustainable Growth Rate

Line	Company	3 to 5 Year Projections										Sustainable
		Dividends	Earnings	Book Value	Book Value	ROE	Adjustment	Adjusted	Payout	Retention	Internal	Growth
		Per Share	Per Share	Per Share	Growth	ROE	Factor	ROE	Ratio	Rate	Growth Rate	Rate
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Ameren Corporation	\$1.80	\$3.00	\$32.25	3.64%	9.30%	1.02	9.47%	60.00%	40.00%	3.79%	4.15%
2	American Electric Power Company, Inc.	\$2.50	\$4.00	\$40.25	4.06%	9.94%	1.02	10.14%	62.50%	37.50%	3.80%	4.05%
3	ALLETE, Inc.	\$2.30	\$3.75	\$39.75	4.15%	9.43%	1.02	9.63%	61.33%	38.67%	3.72%	5.25%
4	Avista Corporation	\$1.50	\$2.25	\$25.00	2.96%	9.00%	1.01	9.13%	66.67%	33.33%	3.04%	3.77%
5	Black Hills Corporation	\$1.90	\$3.25	\$35.25	3.70%	9.22%	1.02	9.39%	58.46%	41.54%	3.90%	4.44%
6	CMS Energy Corporation	\$1.35	\$2.25	\$17.00	5.54%	13.24%	1.03	13.59%	60.00%	40.00%	5.44%	6.38%
7	DTE Energy Company	\$3.30	\$5.50	\$56.25	4.69%	9.78%	1.02	10.00%	60.00%	40.00%	4.00%	4.69%
8	Duke Energy Corporation	\$3.40	\$5.25	\$65.00	2.12%	8.08%	1.01	8.16%	64.76%	35.24%	2.88%	2.91%
9	Empire District Electric Company	\$1.15	\$1.75	\$20.00	2.79%	8.75%	1.01	8.87%	65.71%	34.29%	3.04%	3.73%
10	El Paso Electric Company	\$1.35	\$2.75	\$29.00	4.35%	9.48%	1.02	9.68%	49.09%	50.91%	4.93%	4.93%
11	Edison International	\$2.05	\$4.50	\$41.25	6.22%	10.91%	1.03	11.24%	45.56%	54.44%	6.12%	6.12%
12	Entergy Corporation	\$3.80	\$6.50	\$66.75	4.33%	9.74%	1.02	9.94%	58.46%	41.54%	4.13%	4.18%
13	Great Plains Energy Inc.	\$1.30	\$2.00	\$26.00	2.86%	7.69%	1.01	7.80%	65.00%	35.00%	2.73%	2.78%
14	Hawaiian Electric Industries, Inc.	\$1.30	\$2.00	\$20.25	3.49%	9.88%	1.02	10.05%	65.00%	35.00%	3.52%	4.31%
15	IDACORP, Inc.	\$2.00	\$3.65	\$44.55	3.87%	8.19%	1.02	8.35%	54.79%	45.21%	3.77%	3.97%
16	NorthWestern Corporation	\$1.90	\$3.00	\$32.00	3.77%	9.38%	1.02	9.55%	63.33%	36.67%	3.50%	3.69%
17	Otter Tail Corporation	\$1.30	\$2.30	\$18.15	4.25%	12.67%	1.02	12.94%	56.52%	43.48%	5.62%	7.55%
18	PG&E Corporation	\$2.10	\$3.00	\$36.50	3.05%	8.22%	1.02	8.34%	70.00%	30.00%	2.50%	3.30%
19	Portland General Electric Company	\$1.30	\$2.50	\$29.00	4.47%	8.62%	1.02	8.81%	52.00%	48.00%	4.23%	5.42%
20	PPL Corporation	\$1.60	\$2.50	\$24.00	3.94%	10.42%	1.02	10.62%	64.00%	36.00%	3.82%	4.70%
21	SCANA Corporation	\$2.35	\$4.25	\$43.30	5.53%	9.82%	1.03	10.08%	55.29%	44.71%	4.51%	5.78%
22	Sempra Energy	\$3.40	\$6.25	\$55.75	4.36%	11.21%	1.02	11.45%	54.40%	45.60%	5.22%	5.95%
23	UIL Holdings Corporation	\$1.73	\$2.75	\$29.05	4.02%	9.47%	1.02	9.65%	62.91%	37.09%	3.58%	3.58%
24	Westar Energy, Inc.	\$1.56	\$2.90	\$29.65	4.92%	9.78%	1.02	10.02%	53.79%	46.21%	4.63%	5.24%
25	Average	\$2.01	\$3.41	\$35.66	4.05%	9.68%	1.02	9.87%	59.57%	40.43%	4.02%	4.62%

Sources and Notes:

Cols. (1), (2) and (3): *The Value Line Investment Survey*, May 2, May 23, and June 20, 2014.

Col. (4): [Col. (3) / Page 2 Col. (2)] ^ (1/5) - 1.

Col. (5): Col. (2) / Col. (3).

Col. (6): [2 * (1 + Col. (4))] / (2 + Col. (4)).

Col. (7): Col. (6) * Col. (5).

Col. (8): Col. (1) / Col. (2).

Col. (9): 1 - Col. (8).

Col. (10): Col. (9) * Col. (7).

Col. (11): Col. (10) + Page 2 Col. (9).

Avista Corporation

Sustainable Growth Rate

Line	Company	13-Week	2013	Market	Common Shares		Growth	S Factor ³	V Factor ⁴	S * V
		Average	Book Value	to Book	Outstanding (in Millions) ²					
		Stock Price ¹	Per Share ²	Ratio	2013	3-5 Years	(6)	(7)	(8)	(9)
		(1)	(2)	(3)	(4)	(5)				
1	Ameren Corporation	\$39.88	\$26.97	1.48	242.63	252.00	0.76%	1.12%	32.37%	0.36%
2	American Electric Power Company, Inc.	\$52.62	\$32.98	1.60	487.78	498.00	0.42%	0.66%	37.32%	0.25%
3	ALLETE, Inc.	\$50.28	\$32.44	1.55	41.40	47.50	2.79%	4.32%	35.49%	1.53%
4	Avista Corporation	\$31.56	\$21.61	1.46	60.08	65.00	1.59%	2.32%	31.52%	0.73%
5	Black Hills Corporation	\$58.04	\$29.39	1.97	44.50	45.75	0.56%	1.10%	49.36%	0.54%
6	CMS Energy Corporation	\$29.72	\$12.98	2.29	266.10	276.00	0.73%	1.68%	56.33%	0.95%
7	DTE Energy Company	\$76.15	\$44.73	1.70	177.09	186.00	0.99%	1.68%	41.26%	0.69%
8	Duke Energy Corporation	\$71.80	\$58.54	1.23	706.00	711.00	0.14%	0.17%	18.46%	0.03%
9	Empire District Electric Company	\$24.19	\$17.43	1.39	43.04	47.00	1.78%	2.46%	27.94%	0.69%
10	El Paso Electric Company	\$37.15	\$23.44	1.58	40.27	40.00	-0.13%	-0.21%	36.90%	-0.08%
11	Edison International	\$55.98	\$30.50	1.84	325.81	325.81	0.00%	0.00%	45.51%	0.00%
12	Entergy Corporation	\$74.24	\$54.00	1.37	178.37	179.50	0.13%	0.17%	27.26%	0.05%
13	Great Plains Energy Inc.	\$26.14	\$22.58	1.16	153.87	156.50	0.34%	0.39%	13.61%	0.05%
14	Hawaiian Electric Industries, Inc.	\$24.35	\$17.06	1.43	101.26	111.00	1.85%	2.65%	29.95%	0.79%
15	IDACORP, Inc.	\$55.19	\$36.84	1.50	50.23	51.20	0.38%	0.57%	33.25%	0.19%
16	NorthWestern Corporation	\$47.89	\$26.60	1.80	38.75	39.20	0.23%	0.42%	44.46%	0.19%
17	Otter Tail Corporation	\$29.10	\$14.74	1.97	36.27	40.00	1.98%	3.90%	49.35%	1.93%
18	PG&E Corporation	\$45.14	\$31.41	1.44	456.67	500.00	1.83%	2.63%	30.42%	0.80%
19	Portland General Electric Company	\$32.95	\$23.30	1.41	78.09	90.00	2.88%	4.07%	29.29%	1.19%
20	PPL Corporation	\$33.85	\$19.78	1.71	630.32	670.00	1.23%	2.10%	41.56%	0.87%
21	SCANA Corporation	\$51.87	\$33.08	1.57	141.00	157.50	2.24%	3.51%	36.22%	1.27%
22	Sempra Energy	\$99.18	\$45.03	2.20	244.46	252.00	0.61%	1.34%	54.60%	0.73%
23	UIL Holdings Corporation	\$36.64	\$23.85	1.54	56.75	56.75	0.00%	0.00%	34.90%	0.00%
24	Westar Energy, Inc.	\$35.73	\$23.32	1.53	127.46	135.00	1.16%	1.77%	34.73%	0.62%
25	Average	\$46.65	\$29.28	1.61	197.01	205.53	1.07%	1.70%	36.34%	0.63%

Sources and Notes:

¹ SNL Financial, Downloaded on June 29, 2014.

² *The Value Line Investment Survey*, May 2, May 23, and June 20, 2014.

³ Expected Growth in the Number of Shares, Column (3) * Column (6).

⁴ Expected Profit of Stock Investment, [1 - 1 / Column (3)].