

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
Complainant,) Docket No. UE-110876
v.) Docket No. UG-110877
AVISTA CORPORATION d/b/a) Docket No. UE-120436
AVISTA UTILITIES,) Docket No. UG-120437
Respondent.) (*consolidated*)
_____)
)

EXHIBIT NO. __ (MPG-19)

STANDARD & POOR'S CREDIT METRICS

September 19, 2012

Avista Corporation

Standard & Poor's Credit Metrics

<u>Line</u>	<u>Description</u>	Retail	S&P Benchmark ^{1/2}		<u>Reference</u> (4)
		<u>Cost of Service</u> <u>Amount (\$000)</u> (1)	<u>Significant</u> (2)	<u>Aggressive</u> (3)	
1	Rate Base	\$ 1,222,625			Exhibit No.____(EMA-2), Page 1.
2	Weighted Common Return	4.44%			Page 2, Line 2, Col. 4.
3	Pre-Tax Rate of Return	10.19%			Page 2, Line 3, Col. 5.
4	Income to Common	\$ 54,310			Line 1 x Line 2.
5	EBIT	\$ 124,625			Line 1 x Line 3.
6	Depreciation & Amortization	\$ 17,021			Exhibit No.____(EMA-2), Page 1.
7	Imputed Amortization ³	\$ 8,712			Avista's Response to ICNU - 2.5.
8	Deferred Income Taxes & ITC	\$ 16,261			Exhibit No.____(EMA-2), Page 1.
9	Funds from Operations (FFO)	\$ 96,304			Sum of Line 4 and Lines 6 through 8.
10	Imputed Interest Expense ³	\$ 5,235			Avista's Response to ICNU - 2.5.
11	EBITDA	\$ 155,593			Sum of Lines 5 through 7 and Line 10.
12	Total Debt Ratio	54%	45% - 50%	50% - 60%	Page 3, Line 3, Col. 2.
13	Debt to EBITDA	4.3x	3.0x - 4.0x	4.0x - 5.0x	(Line 1 x Line 12) / Line 11.
14	FFO to Total Debt	15%	20% - 30%	12% - 20%	Line 9 / (Line 1 x Line 12).

Sources:

¹ Standard & Poor's: "Criteria Methodology: Business Risk/Financial Risk Matrix Expanded," May 27, 2009

² S&P RatingsDirect: "U.S. Regulated Electric Utilities, Strongest to Weakest," April 20, 2012.

Note:

Based on the July 2012 S&P report, Avista has an "Excellent" business profile and an "Aggressive" financial profile.

Avista Corporation

Standard & Poor's Credit Metrics (Pre-Tax Rate of Return)

<u>Line</u>	<u>Description</u>	<u>Amount (000)</u> (1)	<u>Weight</u> (2)	<u>Cost</u> (3)	<u>Weighted Cost</u> (4)	<u>Pre-Tax Weighted Cost</u> (5)
1	Total Debt	\$ 1,340,787	52.7%	5.76%	3.04%	3.04%
2	Common Equity*	<u>1,201,301</u>	<u>47.3%</u>	9.40%	<u>4.44%</u>	<u>7.16%</u>
3	Total	\$ 2,542,088	100.0%		7.48%	10.19%
4	Tax Conversion Factor*					1.6108

Sources:

Thies Direct at 26.

* Exhibit No.____(EMA-2), Page 2.

Avista Corporation

Standard & Poor's Credit Metrics (Financial Capital Structure)

<u>Line</u>	<u>Description</u>	<u>Amount (000)</u> <u>(1)</u>	<u>Weight</u> <u>(2)</u>
1	Total Debt	\$ 1,340,787	51.00%
2	Off Balance Sheet Debt*	<u>86,820</u>	<u>3.30%</u>
3	Total Debt	\$ 1,427,607	54.30%
4	Common Equity*	<u>1,201,301</u>	<u>45.70%</u>
5	Total	\$ 2,628,908	100.00%

Sources:

Thies Direct at 26.

* Avista's Response to ICNU - 2.5.