

**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-3)**

**RATE OF RETURN  
AND ADJUSTED CAPITAL STRUCTURE**

**September 19, 2012**

# Avista Corporation

## Rate of Return (December 31, 2012)

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

Source:  
Thies Direct at 26.  
\* Page 2.

# Avista Corporation

## Adjusted Capital Structure

<u>Line</u>	<u>Description</u>	<u>Proposed Amount (\$000)<sup>1</sup></u> (1)	<u>Adjustments</u> (2)	<u>Adjusted Amount</u> (3)
1	Long-Term Debt	\$ 1,292,100		\$ 1,292,100
2	Short-Term Debt	<u>48,687</u>		<u>\$ 48,687</u>
3	<b>Total Debt</b>	1,340,787		\$ 1,340,787
4	Common Equity	<u>1,256,706</u>	\$ (55,405)	<u>\$ 1,201,301</u>
5	<b>Total</b>	<b>\$ 2,597,493</b>		<b>\$ 2,542,088</b>

### Non Utility Investments<sup>2</sup>

6	Non Utility Property		\$ 5,537	
7	Less: Accum Provision for Nonutility Depr.		\$ (917)	
8	Investment In Subsidiary Companies		\$ 85,785	
9	STD Reverse		<u>\$ (35,000)</u>	
10	<b>Total</b>		<b>\$ 55,405</b>	

Sources:

<sup>1</sup> Thies Direct at 26.

<sup>2</sup> FERC Form 3-Q, Page 110.