

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*)
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)

EXHIBIT NO. __ (MPG-8)
SUSTAINABLE GROWTH

September 19, 2012

Avista Corporation

Sustainable Growth Rate

Line	Company	3 to 5 Year Projections											Sustainable Growth Rate (11)
		Dividends Per Share (1)	Earnings Per Share (2)	Book Value Per Share (3)	Book Value Growth (4)	ROE (5)	Adjustment Factor (6)	Adjusted ROE (7)	Payout Ratio (8)	Retention Rate (9)	Internal Growth Rate (10)		
1	ALLETE, Inc.	\$2.00	\$3.50	\$34.50	3.69%	10.14%	1.02	10.33%	57.14%	42.86%	4.43%	5.07%	
2	Alliant Energy Corporation	\$2.20	\$3.50	\$32.35	3.57%	10.82%	1.02	11.01%	62.86%	37.14%	4.09%	4.68%	
3	American Electric Power Co	\$2.15	\$3.75	\$37.50	4.34%	10.00%	1.02	10.21%	57.33%	42.67%	4.36%	4.58%	
4	Avista Corporation	\$1.40	\$2.25	\$24.00	3.41%	9.38%	1.02	9.53%	62.22%	37.78%	3.60%	3.97%	
5	Black Hills Corporation	\$1.60	\$2.50	\$31.00	2.40%	8.06%	1.01	8.16%	64.00%	36.00%	2.94%	3.02%	
6	Cleco Corporation	\$1.90	\$3.25	\$30.00	4.96%	10.83%	1.02	11.10%	58.46%	41.54%	4.61%	4.79%	
7	DTE Energy Company	\$2.75	\$4.50	\$49.25	3.53%	9.14%	1.02	9.30%	61.11%	38.89%	3.61%	4.18%	
8	Edison International	\$1.55	\$3.50	\$38.75	4.66%	9.03%	1.02	9.24%	44.29%	55.71%	5.15%	5.15%	
9	El Paso Electric Company	\$1.30	\$2.50	\$23.75	4.53%	10.53%	1.02	10.76%	52.00%	48.00%	5.16%	5.16%	
10	FirstEnergy Corp.	\$2.40	\$3.75	\$38.00	3.66%	9.87%	1.02	10.05%	64.00%	36.00%	3.62%	3.62%	
11	Great Plains Energy Inc.	\$1.10	\$1.75	\$23.75	1.78%	7.37%	1.01	7.43%	62.86%	37.14%	2.76%	2.76%	
12	Hawaiian Electric Industries,	\$1.40	\$2.00	\$20.25	4.89%	9.88%	1.02	10.11%	70.00%	30.00%	3.03%	6.75%	
13	IDACORP, Inc.	\$1.90	\$3.40	\$40.90	4.27%	8.31%	1.02	8.49%	55.88%	44.12%	3.74%	4.03%	
14	OG Energy Corp.	\$1.90	\$4.25	\$37.00	7.20%	11.49%	1.03	11.89%	44.71%	55.29%	6.57%	7.17%	
15	Otter Tail Corporation	\$1.30	\$1.85	\$19.05	3.77%	9.71%	1.02	9.89%	70.27%	29.73%	2.94%	4.24%	
16	PG&E Corporation	\$2.00	\$3.75	\$36.25	4.31%	10.34%	1.02	10.56%	53.33%	46.67%	4.93%	5.50%	
17	Pinnacle West Capital Corp	\$2.45	\$3.75	\$41.00	3.23%	9.15%	1.02	9.29%	65.33%	34.67%	3.22%	3.99%	
18	Portland General Electric Cc	\$1.25	\$2.25	\$26.25	3.53%	8.57%	1.02	8.72%	55.56%	44.44%	3.88%	3.93%	
19	PPL Corporation	\$1.70	\$2.75	\$25.50	6.38%	10.78%	1.03	11.12%	61.82%	38.18%	4.24%	6.33%	
20	Public Service Enterprise Gr	\$1.55	\$3.00	\$26.25	5.28%	11.43%	1.03	11.72%	51.67%	48.33%	5.67%	5.67%	
21	SCANA Corporation	\$2.15	\$3.75	\$39.50	5.71%	9.49%	1.03	9.76%	57.33%	42.67%	4.16%	6.68%	
22	Sempra Energy	\$2.80	\$5.75	\$51.50	4.67%	11.17%	1.02	11.42%	48.70%	51.30%	5.86%	6.18%	
23	TECO Energy, Inc.	\$1.10	\$1.75	\$13.25	4.76%	13.21%	1.02	13.51%	62.86%	37.14%	5.02%	5.35%	
24	UIL Holdings Corporation	\$1.73	\$2.45	\$25.50	3.37%	9.61%	1.02	9.77%	70.61%	29.39%	2.87%	2.96%	
25	Westar Energy, Inc.	\$1.48	\$2.40	\$28.15	4.86%	8.53%	1.02	8.73%	61.67%	38.33%	3.35%	3.83%	
26	Average	\$1.80	\$3.11	\$31.73	4.27%	9.87%	1.02	10.08%	59.04%	40.96%	4.15%	4.78%	

Sources and Notes:

Cols. (1), (2) and (3): The Value Line Investment Survey, May 25, June 22, and August 3, 2012.

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 Average Stock Price ¹ (1)	2011 Book Value Per Share ² (2)	Market to Book Ratio (3)	Common Shares		Growth (6)	S Factor ³ (7)	V Factor ⁴ (8)	S * V ⁵ (9)
					2011 (4)	3-5 Years ⁵ (5)				
1	ALLETE, Inc.	\$40.78	\$28.78	1.42	37.50	40.50	1.55%	2.20%	29.43%	0.65%
2	Alliant Energy Corporation	\$45.37	\$27.14	1.67	111.02	116.00	0.88%	1.47%	40.19%	0.59%
3	American Electric Power Comp	\$40.22	\$30.33	1.33	483.42	500.00	0.68%	0.90%	24.58%	0.22%
4	Avista Corporation	\$26.51	\$20.30	1.31	58.42	62.00	1.20%	1.56%	23.42%	0.37%
5	Black Hills Corporation	\$32.06	\$27.53	1.16	43.92	45.00	0.49%	0.57%	14.13%	0.08%
6	Cleco Corporation	\$42.01	\$23.55	1.78	60.29	61.00	0.23%	0.42%	43.94%	0.18%
7	DTE Energy Company	\$58.87	\$41.41	1.42	169.25	181.00	1.35%	1.92%	29.65%	0.57%
8	Edison International	\$45.38	\$30.86	1.47	325.81	325.81	0.00%	0.00%	32.00%	0.00%
9	El Paso Electric Company	\$32.46	\$19.03	1.71	39.96	38.00	-1.00%	-1.71%	41.37%	-0.71%
10	FirstEnergy Corp.	\$48.46	\$31.75	1.53	418.22	418.22	0.00%	0.00%	34.48%	0.00%
11	Great Plains Energy Inc.	\$21.12	\$21.74	0.97	136.14	154.00	2.50%	2.43%	-2.93%	-0.07%
12	Hawaiian Electric Industries, Inc	\$28.04	\$15.95	1.76	96.04	122.00	4.90%	8.62%	43.11%	3.71%
13	IDACORP, Inc.	\$41.15	\$33.19	1.24	49.95	53.00	1.19%	1.48%	19.35%	0.29%
14	OGE Energy Corp.	\$52.96	\$26.13	2.03	98.10	101.00	0.58%	1.18%	50.66%	0.60%
15	Otter Tail Corporation	\$22.54	\$15.83	1.42	36.10	42.00	3.07%	4.38%	29.77%	1.30%
16	PG&E Corporation	\$44.81	\$29.35	1.53	412.26	435.00	1.08%	1.65%	34.50%	0.57%
17	Pinnacle West Capital Corporat	\$51.42	\$34.98	1.47	109.25	118.50	1.64%	2.41%	31.97%	0.77%
18	Portland General Electric Comp	\$26.31	\$22.07	1.19	75.36	76.50	0.30%	0.36%	16.13%	0.06%
19	PPL Corporation	\$28.05	\$18.72	1.50	578.41	710.00	4.18%	6.27%	33.27%	2.09%
20	Public Service Enterprise Group	\$32.07	\$20.30	1.58	505.95	506.00	0.00%	0.00%	36.71%	0.00%
21	SCANA Corporation	\$47.69	\$29.92	1.59	130.00	160.00	4.24%	6.76%	37.26%	2.52%
22	Sempra Energy	\$67.48	\$41.00	1.65	239.93	246.00	0.50%	0.82%	39.24%	0.32%
23	TECO Energy, Inc.	\$17.85	\$10.50	1.70	215.80	221.00	0.48%	0.81%	41.17%	0.33%
24	UIL Holdings Corporation	\$35.38	\$21.61	1.64	50.65	51.00	0.14%	0.23%	38.92%	0.09%
25	Westar Energy, Inc.	\$29.65	\$22.20	1.34	125.70	135.00	1.44%	1.92%	25.12%	0.48%
26	Average	\$38.35	\$25.77	1.50	184.30	196.74	1.36%	2.01%	32.93%	0.75%

Sources and Notes:

¹ SNL Financial, downloaded on August 13, 2012.

² The Value Line Investment Survey, May 25, June 22, and August 3, 2012.

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

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

⁵ Column (9) Line 15 excludes negative values.