

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES

Respondent.

DOCKETS UE-240006 & UG-240007 (Consolidated)

**DAVID J. GARRETT
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT DJG-16

Hamada Model Results

July 3, 2024

Hamada Model Results**Unlevering Beta**

Proxy Debt Ratio	55%	[1]
Proxy Equity Ratio	45%	[2]
Proxy Debt / Equity Ratio	1.2	[3]
Tax Rate	21%	[4]
Equity Risk Premium	5.2%	[5]
Risk-free Rate	4.7%	[6]
Proxy Group Beta	0.95	[7]
Unlevered Beta	0.48	[8]

[9] [10] [11] [12]

Relevered Betas and Cost of Equity Estimates

Debt Ratio	D/E Ratio	Levered Beta	Cost of Equity
0%	0.0	0.48	7.1%
20%	0.3	0.58	7.6%
30%	0.4	0.65	8.0%
40%	0.7	0.74	8.5%
52%	1.1	0.89	9.2%
55%	1.2	0.95	9.6%
60%	1.5	1.06	10.1%

[1] Proxy group average debt ratio

[2] Proxy group average equity ratio

[3] = [1] / [2]

[4] Company assumed tax rate

[5] Equity risk premium from Exhibit DJG-11

[6] Risk-free rate from Exhibit DJG-11

[7] Average proxy beta from Exhibit DJG-11

[8] = [7] / (1 + (1 - [4]) * [3])

[9] Various debt ratios (Garrett proposed highlighted)

[10] = [9] / (1 - [9])

[11] = [8] * (1 + (1 - [4]) * [10])

[12] = [6] + [11] * [5]