

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-15\_\_\_\_\_

DOCKET NO. UG-15\_\_\_\_\_

EXHIBIT NO. \_\_\_\_ (AMM-8)

ADRIEN M. MCKENZIE

REPRESENTING AVISTA CORPORATION

UTILITY GROUP

	Company	(a) Market Return (R <sub>m</sub> )			(c) Risk-Free Rate	(d) Market Risk Premium	(d) Unadjusted RP	(e) Beta Adjusted RP			(f) Total RP	(f) Unadjusted K <sub>e</sub>	(f) Market Cap	(g) Size Adjustment	(g) Size Adjusted K <sub>e</sub>			
		Div Yield	Proj. Growth	Cost of Equity				Beta	Weight	RP <sup>1</sup>						Beta	Weight	RP <sup>2</sup>
1	ALLETE	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.80	75%	5.3%	7.6%	10.7%	\$ 2,365.5	1.75%	12.4%		
2	Ameren Corp.	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.75	75%	5.0%	7.2%	10.3%	\$ 11,191.1	0.80%	11.1%		
3	American Elec Pwr	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.70	75%	4.7%	6.9%	10.0%	\$ 29,705.8	-0.33%	9.7%		
4	Avista Corp.	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.80	75%	5.3%	7.6%	10.7%	\$ 2,221.3	1.75%	12.4%		
5	Black Hills Corp.	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.90	75%	6.0%	8.2%	11.3%	\$ 2,368.5	1.75%	13.1%		
6	CMS Energy Corp.	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.70	75%	4.7%	6.9%	10.0%	\$ 9,559.7	0.80%	10.8%		
7	DTE Energy Co.	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.75	75%	5.0%	7.2%	10.3%	\$ 15,286.7	0.80%	11.1%		
8	Duke Energy Corp.	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.60	75%	4.0%	6.2%	9.3%	\$ 59,062.8	-0.33%	9.0%		
9	Edison International	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.75	75%	5.0%	7.2%	10.3%	\$ 21,334.1	0.80%	11.1%		
10	El Paso Electric	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.70	75%	4.7%	6.9%	10.0%	\$ 1,616.7	1.75%	11.7%		
11	Empire District Elec	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.70	75%	4.7%	6.9%	10.0%	\$ 1,291.2	1.75%	11.7%		
12	Great Plains Energy	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.85	75%	5.7%	7.9%	11.0%	\$ 4,370.9	1.19%	12.2%		
13	IDACORP, Inc.	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.80	75%	5.3%	7.6%	10.7%	\$ 3,327.2	1.72%	12.4%		
14	NorthWestern Corp.	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.70	75%	4.7%	6.9%	10.0%	\$ 2,214.7	1.75%	11.7%		
15	Otter Tail Corp.	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.90	75%	6.0%	8.2%	11.3%	\$ 1,139.2	1.75%	13.1%		
16	PG&E Corp.	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.65	75%	4.3%	6.6%	9.7%	\$ 25,264.2	-0.33%	9.3%		
17	Portland General Elec.	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.80	75%	5.3%	7.6%	10.7%	\$ 2,958.7	1.72%	12.4%		
18	Sempra Energy	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.75	75%	5.0%	7.2%	10.3%	\$ 27,409.8	-0.33%	10.0%		
19	TECO Energy	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.85	75%	5.7%	7.9%	11.0%	\$ 4,807.0	1.19%	12.2%		
20	UIL Holdings	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.80	75%	5.3%	7.6%	10.7%	\$ 2,475.5	1.72%	12.4%		
21	Westar Energy	2.3%	9.7%	12.0%	3.1%	8.9%	25%	2.2%	0.75	75%	5.0%	7.2%	10.3%	\$ 5,388.3	1.19%	11.5%		
	<b>Average</b>												<b>10.4%</b>			<b>11.5%</b>		
	<b>Midpoint (h)</b>												<b>10.3%</b>			<b>11.1%</b>		

(a) Weighted average for dividend-paying stocks in the S&P 500 based on data from www.valueline.com (retrieved Jan. 1, 2015).

(b) Average of weighted average earnings growth rates from IBES and Value Line Investment Survey for dividend-paying stocks in the S&P 500 based on data from http://finance.yahoo.com (retrieved Jan. 5, 2015) and www.valueline.com (retrieved Jan. 1, 2015)

(c) Average yield on 30-year Treasury bonds for the six-months ending Dec. 2014 based on data from the Federal Reserve at http://www.federalreserve.gov/releases/h15/data.htm. www.valueline.com (retrieved Jan. 1, 2015).

(d) Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* at 190 (2006).

(e) The Value Line Investment Survey (Oct. 31, Nov. 21, & Dec. 19, 2014).

(f) www.valueline.com (retrieved Jan. 10, 2015).

(g) Morningstar, "2014 Ibbotson SBBI Market Report," at Table 10 (2014).

(h) Average of low and high values.

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		Div Yield	(b) Proj. Growth	Cost of Equity					Beta	Weight	RP <sup>1</sup>						RP <sup>2</sup>
1	ALLETE	2.3%	9.7%	12.0%	4.5%	7.5%	25%	1.9%	0.80	75%	4.5%	6.4%	10.9%	\$ 2,365.5	1.75%	12.6%	
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(c) Average yield on 30-year Treasury bonds for 2015-2019 based on data from the Value Line Investment Survey, Forecast for the U.S. Economy (Nov. 21, 2014); IHS Global Insight, U.S. Economic Outlook at 79 (May 2014); & Blue Chip Financial Forecasts, Vol. 33, No. 12 (Dec. 1, 2014).

(d) Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* at 190 (2006).

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