

AVISTA CORP.

COST OF DEBT AND PREFERRED

Avista Corp.
Calculation of the Effective Cost Rate of Preferred Stock by Series

<u>Series</u>	<u>Nominal Date of Issue</u>	<u>Average Term in Years (1)</u>	<u>Principal Amount Issued</u>	<u>Total (Expense) Premium/(Discoun t) at Issuance (2)</u>	<u>Net Proceeds</u>	<u>Net Proceeds Ratio</u>	<u>Effective Cost Rate to Maturity (3)</u>
<u>Preferred Stock</u> \$6.950, Series K	09/15/92	6.5	\$ 35,000,000	\$ (2,089,391)	\$ 32,910,609	94.03%	8.151
<u>Trust Originated Preferred Securities</u> 7 7/8% TOPrS, Series A	01/23/97	40	\$ 60,000,000	\$ (5,901,270) (4)	\$ 54,098,730	90.16%	8.768
<u>Floating Rate Capital Securities</u> 6.6875%, Series B	06/03/97	40	\$ 50,000,000	\$ (4,124,928) (5)	\$ 45,875,072	91.75%	7.328

- Notes: (1) Determined by taking into account the effect of annual sinking fund requirements, if any, which are met by the retirement of bonds which reduce the average term of each series.
- (2) Includes redemption costs from refinancing previously issued or higher cost preferred stock, as applicable.
- (3) The effective cost rate for each issue is the cost rate to maturity using as inputs the average term of issue, coupon rate and net proceeds.
- (4) Expenses incurred exclusively with the 7.875%, Series A TOPrS were \$2,400,000. In addition, this amount includes \$3,501,270 of issuance expenses relative to the early redemption of the 8.625% Series I preferred stock by application of the proceeds of the new 7.875% Series A TOPrS.
- (5) Expenses incurred exclusively with the 6.6875%, Series B Floating Rate Capital Securities were \$1,114,610. In addition, this amount includes \$3,101,318 of issuance expenses relative to the early redemption of the 4.26% Series J preferred stock by application of the proceeds of the new 6.6875% Series B Floating Rate Capital Securities.

Source of Information: Company -provided data