

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION	)	
	)	
Complainant,	)	<b>DOCKET NO. UE-070804</b>
	)	<b>and</b>
v.	)	<b>DOCKET NO. UG-070805</b>
	)	<i>(consolidated)</i>
	)	
AVISTA CORPORATION d/b/a AVISTA	)	
UTILITIES	)	
	)	
Respondent.	)	
_____	)	
<b>In the Matter of the Petition of</b>	)	
	)	
AVISTA CORPORATION d/b/a AVISTA	)	<b>DOCKET NO. UE-070311</b>
UTILITIES,	)	
	)	
<b>For an Accounting Order Regarding the</b>	)	
<b>Appropriate Treatment of the Net Costs</b>	)	
<b>Associated With the Repurchase of Debt</b>	)	
_____	)	

**EXHIBIT NO. \_\_\_(MPG-11)**

**TWO-STAGE GROWTH DCF MODEL**

**October 17, 2007**

# Avista Corp.

## Two-Stage Growth DCF Model

<u>Line</u>	<u>Electric Utility</u>	<u>13-Week AVG Stock Price<sup>1</sup></u> (1)	<u>Annual Dividend<sup>2</sup></u> (2)	<u>First Stage Growth</u> (3)	<u>Second Stage Growth<sup>3</sup></u> (4)	<u>Two-Stage Growth DCF</u> (5)
1	Amer. Elec. Power	\$45.69	\$1.56	5.21%	5.00%	8.62%
2	Dominion Resources	\$86.35	\$2.84	10.39%	5.00%	9.36%
3	DPL, Inc.	\$27.02	\$1.04	6.78%	5.00%	9.37%
4	DTE Energy	\$48.55	\$2.12	5.56%	5.00%	9.70%
5	Edison Int'l	\$55.17	\$1.16	8.64%	5.00%	7.58%
6	Empire Dist. Elec.	\$22.84	\$1.28	NMF	5.00%	N/A
7	NiSource Inc.	\$19.57	\$0.92	3.62%	5.00%	9.64%
8	Northeast Utilities	\$28.11	\$0.80	11.75%	5.00%	9.00%
9	Pepco Holdings	\$27.13	\$1.04	5.50%	5.00%	9.11%
10	PG&E Corp.	\$45.57	\$1.44	8.26%	5.00%	8.83%
11	PNM Resources	\$24.16	\$0.92	10.15%	5.00%	9.98%
12	PPL Corp.	\$48.46	\$1.22	10.56%	5.00%	8.37%
13	Progress Energy	\$46.05	\$2.44	4.60%	5.00%	10.47%
14	P.S. Enterprise	\$86.69	\$2.34	14.89%	5.00%	9.31%
15	Puget Energy	\$23.93	\$1.00	5.40%	5.00%	9.46%
16	Westar Energy	\$24.62	\$1.08	4.30%	5.00%	9.47%
17	Xcel Energy Inc.	\$20.89	\$0.92	5.38%	5.00%	9.70%
18	<b>Average</b>	<b>\$40.05</b>	<b>\$1.42</b>	<b>7.56%</b>	<b>5.00%</b>	<b>9.2%</b>

Sources:

<sup>1</sup> <http://moneycentral.msn.com>, downloaded on October 5, 2007.

<sup>2</sup> The Value Line Investment Survey; August 10, August 31, September 28, 2007.

<sup>3</sup> Blue Chip Economic Indicators, October 10, 2007.