

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

EXHIBIT NO.\_\_\_\_(MPG-13)

EQUITY RISK PREMIUM – TREASURY BOND

October 17, 2007

# Avista Corp.

## Equity Risk Premium - Treasury Bond

<u>Line</u>	<u>Date</u>	<u>Treasury Bond Yield<sup>1</sup></u> (1)	<u>Authorized Electric Returns<sup>2</sup></u> (2)	<u>Indicated Risk Premium</u> (3)
1	1986	7.78%	13.93%	6.15%
2	1987	8.59%	12.99%	4.40%
3	1988	8.96%	12.79%	3.83%
4	1989	8.45%	12.97%	4.52%
5	1990	8.61%	12.70%	4.09%
6	1991	8.14%	12.55%	4.41%
7	1992	7.67%	12.09%	4.42%
8	1993	6.59%	11.41%	4.82%
9	1994	7.37%	11.34%	3.97%
10	1995	6.88%	11.55%	4.67%
11	1996	6.71%	11.39%	4.68%
12	1997	6.61%	11.40%	4.79%
13	1998	5.58%	11.66%	6.08%
14	1999	5.87%	10.77%	4.90%
15	2000	5.94%	11.43%	5.49%
16	2001	5.49%	11.09%	5.60%
17	2002	5.43%	11.16%	5.73%
18	2003	4.96%	10.97%	6.01%
19	2004	5.05%	10.75%	5.70%
20	2005	4.65%	10.54%	5.89%
21	2006	4.91%	10.36%	5.45%
22	2007 <sup>3</sup>	4.89%	10.27%	5.38%
23	<b>Average</b>	<b>6.60%</b>	<b>11.64%</b>	<b>5.04%</b>

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Sources:

<sup>1</sup> Economic Report of the President 2007: Table 73 at 316. The yields from 2002 to 2005 represent the 20-Year Treasury yields obtained from the Federal Reserve Bank.

<sup>2</sup> Regulatory Research Associates, Inc., Regulatory Focus, Jan. 85 - Dec. 06.

<sup>3</sup> The data for 2007 includes the period January - June 2007.