

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-14)

EQUITY RISK PREMIUM – UTILITY BOND

October 17, 2007

Avista Corp.

Equity Risk Premium - Utility Bond

<u>Line</u>	<u>Date</u>	<u>Average "A" Rating Utility Bond Yield¹</u> (1)	<u>Authorized Electric Returns²</u> (2)	<u>Indicated Risk Premium</u> (3)
1	1986	9.58%	13.93%	4.35%
2	1987	10.10%	12.99%	2.89%
3	1988	10.49%	12.79%	2.30%
4	1989	9.77%	12.97%	3.20%
5	1990	9.86%	12.70%	2.84%
6	1991	9.36%	12.55%	3.19%
7	1992	8.69%	12.09%	3.40%
8	1993	7.59%	11.41%	3.82%
9	1994	8.31%	11.34%	3.03%
10	1995	7.89%	11.55%	3.66%
11	1996	7.75%	11.39%	3.64%
12	1997	7.60%	11.40%	3.80%
13	1998	7.04%	11.66%	4.62%
14	1999	7.62%	10.77%	3.15%
15	2000	8.24%	11.43%	3.19%
16	2001	7.76%	11.09%	3.33%
17	2002	7.37%	11.16%	3.79%
18	2003	6.58%	10.97%	4.39%
19	2004	6.16%	10.75%	4.59%
20	2005	5.65%	10.54%	4.89%
21	2006	6.07%	10.36%	4.29%
22	2007 ³	6.00%	10.27%	4.27%
23	Average	7.98%	11.64%	3.67%

Sources:

¹ Mergent Public Utility Manual, Mergent Weekly News Reports, 2003. The utility yields for the period 2001-2006 were obtained from the Mergent Bond Record.

² Regulatory Research Associates, Inc., Regulatory Focus, Jan. 85 - Dec. 06.

³ The data for 2007 includes the period January - June 2007.