

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-20)

CAPM RETURN ESTIMATE, BETA 0.90

October 17, 2007

Avista Corp.

CAPM Return Estimate

<u>Line</u>	<u>Description</u>	<u>Historical Premium (1)</u>
1	Risk Free Rate ¹	5.2%
2	Risk Premium ²	6.5%
3	Beta ³	0.90
4	CAPM	11.1%

<u>Line</u>	<u>Description</u>	<u>Prospective Premium (1)</u>
5	Risk Free Rate ¹	5.2%
6	Risk Premium ²	6.4%
7	Beta ³	0.90
8	CAPM	11.0%
9	CAPM Average	11.0%

Sources:

¹ Blue Chip Financial Forecasts; October 1, 2007 at 2.

² SBBi; 2007 at pp. 31 & 120.

³ The Value Line Investment Survey; August 10, August 31, September 28, 2007.