

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-21)

CAPM RETURN ESTIMATE, BETA 0.80

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	0.80
4	CAPM	10.4%

<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	0.80
8	CAPM	10.3%
9	CAPM Average	10.4%

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.