

| | | |
|--|---|----------------------|
| 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-23)
TWO-STAGE GROWTH DCF MODEL APPLIED TO
DR. AVERA'S PROXY GROUP

October 17, 2007

Avista Corp.

Two-Stage Growth DCF Model

| <u>Line</u> | <u>Company</u> | <u>Stock Price</u> | <u>Dividends</u> | <u>First Stage Growth</u> | <u>Second Stage Growth</u> | <u>Two-Stage Growth DCF</u> |
|-------------|-----------------------|--------------------|------------------|---------------------------|----------------------------|-----------------------------|
| | | (1) | (2) | (3) | (4) | (5) |
| 1 | American Elec Pwr | \$ 45.95 | \$ 1.59 | 5.4% | 5.0% | 8.7% |
| 2 | Black Hills Corp. | \$ 37.89 | \$ 1.36 | 5.6% | 5.0% | 8.9% |
| 3 | Cleco Corp. | \$ 26.70 | \$ 0.90 | 9.2% | 5.0% | 9.2% |
| 4 | Dominion Resources | \$ 86.30 | \$ 2.87 | 11.3% | 5.0% | 9.6% |
| 5 | DPL, Inc. | \$ 30.69 | \$ 1.05 | 5.5% | 5.0% | 8.7% |
| 6 | DTE Energy | \$ 47.99 | \$ 2.14 | 4.6% | 5.0% | 9.6% |
| 7 | Edison International | \$ 46.70 | \$ 1.18 | 7.5% | 5.0% | 8.0% |
| 8 | Empire District Elec. | \$ 24.99 | \$ 1.28 | 4.9% | 5.0% | 10.3% |
| 9 | NiSource Inc. | \$ 24.58 | \$ 0.92 | 3.4% | 5.0% | 8.6% |
| 10 | Northeast Utilities | \$ 29.24 | \$ 0.77 | 7.8% | 5.0% | 8.1% |
| 11 | Pepco Holdings | \$ 26.88 | \$ 1.04 | 7.1% | 5.0% | 9.5% |
| 12 | PG&E Corp. | \$ 48.00 | \$ 1.42 | 6.8% | 5.0% | 8.4% |
| 13 | PNM Resources | \$ 30.64 | \$ 0.94 | 8.0% | 5.0% | 8.7% |
| 14 | PPL Corp. | \$ 37.22 | \$ 1.20 | 10.3% | 5.0% | 9.2% |
| 15 | Progress Energy | \$ 50.01 | \$ 2.45 | 2.7% | 5.0% | 9.7% |
| 16 | PS Enterprise Group | \$ 74.46 | \$ 2.34 | 7.0% | 5.0% | 8.6% |
| 17 | Puget Energy | \$ 25.29 | \$ 1.00 | 5.3% | 5.0% | 9.2% |
| 18 | Westar Energy | \$ 27.86 | \$ 1.08 | 4.2% | 5.0% | 8.9% |
| 19 | Xcel Energy | \$ 24.35 | \$ 0.93 | 5.9% | 5.0% | 9.2% |
| 20 | Average | \$ 39.25 | \$ 1.39 | 6.4% | 5.0% | 9.0% |