

Exhibit No. _____ (KLE-4)
Dockets UE-120436, et al.
Witness: Kenneth L. Elgin

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION, d/b/a
AVISTA UTILITIES,**

Respondent.

**DOCKETS UE-120436/UG-120437
(consolidated)**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION d/b/a AVISTA
UTILITIES,**

Respondent.

**DOCKETS UE-110876/UG-110877
(consolidated)**

EXHIBIT TO TESTIMONY OF

Kenneth L. Elgin

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Cost of Debt Detail

September 19, 2012

AVISTA CORPORATION
Cost of Debt Detail
December 31, 2012

| Line No. | Description (a) | Coupon Rate (b) | Maturity Date (c) | Settlement Date (d) | Principal Amount (e) | Issuance Costs (f) | SWAP Loss/(Gain) (g) | Discount (Premium) (g) | Loss/Reacq Expenses (h) | Net Proceeds (i) | Yield to Maturity (j) | Principal Outstanding 12/31/2012 (k) | Effective Cost (l) | Line No. |
|----------|----------------------------|-----------------|-------------------|---------------------|----------------------|--------------------|----------------------|------------------------|-------------------------|------------------|-----------------------|--------------------------------------|--------------------|----------|
| 1 | FMSB - SERIES A | 7.500% | 5/5/2023 | 5/6/1993 | \$ 5,500,000 | \$ 42,712 | \$ - | \$ - | \$ 963,011 | \$ 4,494,277 | 9.359% | \$ 5,500,000 | \$ 514,744 | 1 |
| 2 | FMSB - SERIES A | 7.540% | 5/5/2023 | 5/7/1993 | \$ 1,000,000 | \$ 7,766 | \$ - | \$ - | \$ 175,412 | \$ 816,822 | 9.375% | 1,000,000 | 93,747 | 2 |
| 3 | FMSB - SERIES A | 7.300% | 5/11/2018 | 5/11/1993 | \$ 7,000,000 | \$ 54,364 | \$ - | \$ - | \$ 1,227,883 | \$ 5,717,763 | 9.287% | 7,000,000 | 650,114 | 3 |
| 4 | FMSB - SERIES A | 7.450% | 6/11/2018 | 6/9/1993 | \$ 15,500,000 | \$ 120,377 | \$ - | \$ - | \$ 2,140,440 | \$ 13,188,963 | 8.953% | 15,500,000 | 1,387,715 | 4 |
| 5 | FMSB - SERIES A | 7.180% | 8/11/2023 | 8/12/1993 | \$ 7,000,000 | \$ 54,364 | \$ - | \$ - | \$ - | \$ 6,945,636 | 7.244% | 7,000,000 | 507,064 | 5 |
| 6 | DEBT TO AFFIL ¹ | 1.79% | 6/1/2037 | 6/3/1997 | \$ 40,000,000 | \$ 1,296,086 | \$ - | \$ - | \$ (1,769,125) | \$ 40,473,039 | 1.751% | 40,000,000 | 700,400 | 6 |
| 7 | SERIES C Setup Cx | N/A | 6/15/2013 | 6/15/1998 | \$ - | \$ 666,169 | \$ - | \$ - | \$ - | \$ - | - | - | 44,411 | 7 |
| 8 | FMSB - SERIES | 6.370% | 6/19/2028 | 6/19/1998 | \$ 25,000,000 | \$ 158,304 | \$ - | \$ - | \$ 188,649 | \$ 24,663,047 | 6.475% | 25,000,000 | 1,618,863 | 8 |
| 9 | 5.45% SERIES | 5.450% | 12/1/2019 | 11/18/2004 | \$ 90,000,000 | \$ 1,192,681 | \$ - | \$ 239,400 | \$ 7,244,918 | \$ 81,323,001 | 6.462% | 90,000,000 | 5,815,420 | 9 |
| 10 | FMSB - 6.25% | 6.250% | 12/1/2035 | 11/17/2005 | \$ 150,000,000 | \$ 1,812,935 | \$ (4,445,000) | \$ 367,500 | \$ 1,700,376 | \$ 150,564,188 | 6.222% | 150,000,000 | 9,332,891 | 10 |
| 11 | FMSB - 5.70% | 5.700% | 7/1/2037 | 12/15/2006 | \$ 150,000,000 | \$ 4,702,304 | \$ 3,738,000 | \$ 222,000 | \$ - | \$ 141,337,696 | 6.120% | 150,000,000 | 9,179,674 | 11 |
| 12 | 5.95% SERIES | 5.950% | 6/1/2018 | 4/2/2008 | \$ 250,000,000 | \$ 2,246,419 | \$ 16,395,000 | \$ 835,000 | \$ - | \$ 230,523,581 | 7.034% | 250,000,000 | 17,585,352 | 12 |
| 13 | 5.125% SERIES | 5.125% | 4/1/2022 | 9/22/2009 | \$ 250,000,000 | \$ 2,284,788 | \$ (10,776,222) | \$ 575,000 | \$ 2,875,817 | \$ 255,040,618 | 4.907% | 250,000,000 | 12,268,615 | 13 |
| 14 | 1.68% SERIES | 1.680% | 12/30/2013 | 12/30/2010 | \$ 50,000,000 | \$ 305,790 | \$ - | \$ - | \$ - | \$ 49,694,210 | 1.891% | 50,000,000 | 945,329 | 14 |
| 15 | 3.89% SERIES | 3.890% | 12/20/2020 | 12/20/2010 | \$ 52,000,000 | \$ 383,338 | \$ - | \$ - | \$ 6,273,664 | \$ 45,342,987 | 5.578% | 52,000,000 | 2,900,325 | 15 |
| 16 | 5.55% SERIES | 5.550% | 12/20/2040 | 12/20/2010 | \$ 35,000,000 | \$ 258,834 | \$ - | \$ - | \$ 5,263,822 | \$ 29,477,345 | 6.788% | 35,000,000 | 2,375,987 | 16 |
| 17 | 4.45% SERIES | 4.450% | 12/14/2041 | 12/14/2011 | \$ 85,000,000 | \$ 682,771 | \$ 10,557,000 | \$ - | \$ - | \$ 73,760,229 | 5.339% | 85,000,000 | 4,538,120 | 17 |
| 18 | 4.23% SERIES | 4.230% | 11/29/2047 | 11/30/2012 | \$ 80,000,000 | \$ 600,000 | \$ 18,546,870 | \$ - | \$ 104,292 | \$ 60,748,838 | 5.854% | 80,000,000 | 4,683,510 | 18 |
| 19 | | | | | | | | | | | | 1,293,000,000 | 75,142,184 | 19 |
| 20 | | | | | | | | | | | | | | 20 |
| 21 | Repurchase | 8.85% | 6/5/2028 | 5/24/2002 | \$ 10,000,000 | | | | \$ (2,228,153) | \$ 12,228,153 | 6.981% | | (188,084) | 21 |
| 22 | Repurchase | 8.83% | 6/5/2028 | 4/3/2003 | \$ 10,000,000 | | | | \$ (450,769) | \$ 10,450,769 | 8.985% | | (43,661) | 22 |
| 23 | Repurchase | 8.83% | 12/29/2022 | 3/13/2003 | \$ 5,000,000 | | | | \$ 92,363 | \$ 4,907,637 | 9.029% | | 10,341 | 23 |
| 24 | Repurchase | 5.72% | 3/1/2034 | 12/30/2009 | \$ 17,000,000 | | | | \$ 1,957,496 | \$ 15,042,504 | 6.683% | | 163,206 | 24 |
| 25 | Repurchase | 6.55% | 10/1/2032 | 12/31/2008 | \$ 66,700,000 | | | | \$ 3,709,755 | \$ 62,990,245 | 7.034% | | 324,414 | 25 |
| 26 | | | | | | | | | | | | | | 26 |
| 27 | | | | | | | | | | | | | | 27 |
| 28 | | | | | | | | | | | | | | 28 |
| 29 | Short-term debt | | | | \$105,000,000 | | | | | | | | | 29 |
| 30 | | | | | | | | | | | | | | 30 |
| 31 | | | | | | | | | | | | | | 31 |
| 32 | | | | | | | | | | | | | | 32 |
| 33 | | | | | | | | | | | | | | 33 |
| 34 | | | | | | | | | | | | | | 34 |
| 35 | | | | | | | | | | | | | | 35 |
| 36 | | | | | | | | | | | | | | 36 |
| 37 | | | | | | | | | | | | | | 37 |

COST OF LONG-TERM DEBT AS OF December 31, 2012 5.83% \$ 1,293,000,000

COST OF SHORT-TERM DEBT AS OF December 31, 2012 2.14% 48,687,120

PRO FORMA COST OF DEBT AS OF December 31, 2012 5.70% 1,341,687,120

32 1 Var. Rate Long-Term Debt, interest rate information comes from Exhibit No. MTT-2 Page 5

33 2 The Company agreed to pay 50 bps in fees related to the placement of the transaction. The remaining 25 basis points is a projection for additional costs related to the issuance of this Private Placement (e.g. legal, filing fees, and other)

34 3 The coupon rate used is the cost of debt at the time of the repurchases

35 4 The amounts are calculated using the IRR function

37 ** Changed short-term debt to 4% of capital