

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	
)	
AVISTA CORPORATION, d/b/a AVISTA)	Docket No. UE-060181
UTILITIES,)	
)	
For Continuation of the Company's Energy)	
Recovery Mechanism, with Certain)	
Modifications.)	
_____)	

EXHIBIT NO.__(MPG-12)

AVISTA RESPONSE TO ICNU DATA REQUEST NO. 1.51

April 21, 2006

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	Washington	DATE PREPARED:	03/27/2006
CASE NO:	UE-060181	WITNESS:	Malyn K. Malquist
REQUESTER:	ICNU	RESPONDER:	Paul Kimball
TYPE:	Data Request	DEPT:	Finance
REQUEST NO.:	ICNU -1.51	TELEPHONE:	(509) 495-4584

REQUEST:

Reference Exhibit No.__(MKM-1T), page 14, lines 7-14. Please provide a summary of financings expected by the Company that would be required to refinance these maturations as well as other capital requirements. Please indicate the expected cost of debt based on Avista's current credit rating and based on an Investment grade rating. In other words, please quantify the benefits of regaining the investment grade ratings based on expected financings.

RESPONSE:

Based on current estimates the Company anticipates two debt offerings over the next few years. The first is expected to occur later this year for \$75-\$100 million dollars and the second potential offering is expected to occur mid 2008 for approximately \$250-\$275 million. These estimates are subject to change depending on cash flows, capital requirements and any other anticipated financings including the issuance of equity.

Refer to ICNU 1.45 for our current estimated cost of debt. The current average differential between issuing at our current unsecured below investment grade ratings and issuing at investment grade is approximately 30-35 bps. These rates change as Treasury rates and credit spreads fluctuate and are not necessarily indicative of what rates would be at the time the company accesses the capital market and issues debt. Rates will also vary depending on the maturity of the debt actually issued. When looking back historically, current spread are at virtually the lowest level seen in recent years and it is likely that spread will be wider in the future.