

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	Docket No. UE-050482
Complainant,)	
)	Docket No. UG-050483
vs.)	
)	<i>(consolidated)</i>
AVISTA CORPORATION,)	
)	
Respondent.)	
_____)	

EXHIBIT NO. ___(MPG-13)

CAPM RETURN ESTIMATES

August 26, 2005

Avista Utilities

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	6.6%
3	Beta ³	0.86
4	CAPM	10.9%
		<u>Prospective Premium (1)</u>
5	Risk Free Rate ¹	5.2%
6	Risk Premium ²	6.7%
7	Beta ³	0.86
8	CAPM	10.9%
9	CAPM Average	10.9%

Sources:

¹ Blue Chip Financial Forecasts; August 1, 2005, at pp.2.

² SBI; 2004 at pp. 33 & 118.

³ The Value Line Investment Survey, June 3, July 1, and August 12, 2005.