

**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-17)

SETTLEMENT REVENUE ABOVE AVISTA'S COSTS AT A 9.8% ROE

September 22, 2005

Settlement Revenue above Avista's Cost at a 9.8% ROE

Imputed Common Equity Ratio

Line	Description	<u>Weight</u> (1)	<u>Cost</u> (2)	<u>Weighted Cost</u> (3)	<u>Pre-Tax Weighted Cost</u> (4)
1	Total Debt	53.40%	8.440%	4.51%	4.51%
2	Trust Preferred	5.18%	6.600%	0.34%	0.34%
3	Preferred Stock	1.42%	7.390%	0.10%	0.17%
4	Common Equity	<u>40.00%</u>	10.400%	<u>4.16%</u>	<u>6.69%</u>
5	Total	100.00%		9.11%	11.71%
6	Conversion Factor	0.621611			

Actual Common Equity Ratio

Line	Description	<u>Weight</u> (1)	<u>Cost</u> (2)	<u>Weighted Cost</u> (3)	<u>Pre-Tax Weighted Cost</u> (4)
6	Total Debt	66.40%	8.440%	5.60%	5.60%
7	Trust Preferred	5.18%	6.600%	0.34%	0.34%
8	Preferred Stock	1.42%	7.390%	0.10%	0.17%
9	Common Equity	<u>27.00%</u>	9.80%	<u>2.65%</u>	<u>4.26%</u>
10	Total	100.00%		8.70%	10.37%
11	Conversion Factor	0.621611			
12	Rate Base Electric		(000)		795,845
13	Electric Revenue Above Cost		(000)		\$ 10,652
14	Rate Base Gas		(000)		\$ 130,718
15	Gas Revenue Above Cost		(000)		\$ 1,750
16	Total Revenues Above Cost		(000)		\$ 12,401

Sources: Exh. No.__(MKM-2), Ex.No.__(DMF-2), and Ex. No.__(DMF-3)