

**Avista Utilities**  
**Impact of Stipulation Cost of Capital Upon Avista's**  
**Claimed Electric Operations Revenue Deficiency**

**Settlement Before Tax Cost of Capital**

Line No.	Capital Component	Capital Structure	ProForma Cost	ProForma Weighted Cost	Conversion Factor	ProForma Before-Tax Weighted Cost
1	Total Debt	53.00%	5.72%	3.03%		3.03%
2	Common	<u>47.00%</u>	9.80%	<u>4.61%</u>	62.082%	<u>7.42%</u>
3	Total	100.00%		7.64%		10.45%

**4 Company Originally Proposed Before Tax Cost of Capital**

Line No.	Capital Component	Capital Structure	ProForma Cost	ProForma Weighted Cost	Conversion Factor	ProForma Before-Tax Weighted Cost
5						
6						
7	Capital Component	Capital Structure	ProForma Cost	ProForma Weighted Cost	Conversion Factor	ProForma Before-Tax Weighted Cost
8						
9	Total Debt	51.60%	5.76%	2.97%		2.97%
10	Common	<u>48.40%</u>	10.90%	<u>5.28%</u>	62.082%	<u>8.50%</u>
11	Total	100.00%		8.25%		11.47%

12 **Difference in Before Tax COC - Company Proposed Versus Settlement** **-1.02%**

13 **Avista Proposed Electric Operations Retail Jurisdictional Rate Base**  
 14 **Per Joint Issues List - Amount rounded \$000s** **\$1,222,625**

15 **Reduction in Avista's Originally Claimed Electric Operations Retail**  
 16 **Jurisdictional Revenue Deficiency Attributable to Reflection of**  
 17 **Stipulated Cost of Capital (Rounded \$000s)** **(\$12,460)**