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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. AVU-E-04-01
OF AVISTA CORPORATION FOR THE)	CASE NO. AVU-G-04-01
AUTHORITY TO INCREASE ITS RATES)	
AND CHARGES FOR ELECTRIC AND)	
NATURAL GAS SERVICE TO ELECTRIC AND)	EXHIBIT NO. 2
NATURAL GAS CUSTOMERS IN THE STATE)	
OF IDAHO)	MALYN K. MALQUIST
_____)	

FOR AVISTA CORPORATION
(ELECTRIC AND NATURAL GAS)

AVISTA CORPORATION
Long-term Securities Credit Ratings

	Standard & Poor's	Moody's	Fitch
Last Reviewed	December 2002	October 2001	December 2001
Credit Outlook	Stable	Negative	Stable
Business Profile	5	N/A	N/A
AAA		Aaa	AAA
AA+		Aa1	AA+
AA		Aa2	AA
AA-		Aa3	AA-
A+		A1	A+
A		A2	A
A-		A3	A-
BBB+		Baa1	BBB+
BBB		Baa2	BBB
BBB-	First Mortgage Bonds Secured Medium-Term Notes	baa3 First Mortgage Bonds Secured Medium-Term Notes	BBB- First Mortgage Bonds Secured Medium-Term Notes
INVESTMENT GRADE			
BB+	Avista Corp./Corporate rating Unsecured Medium-Term Notes Senior Corporate Notes 9.75%	Ba1 Avista Corp./Issuer rating Unsecured Medium-Term Notes Senior Corporate Notes 9.75%	BB+ Unsecured Medium-Term Notes Senior Corporate Notes 9.75% Trust-Originated Preferred Securities (TOPrS) Cap I
BB		Ba2	BB Preferred Stock Trust-Originated Preferred Securities (TOPrS) Cap II
BB-	Preferred Stock Trust-Originated Preferred Securities (TOPrS)	Ba3 Preferred Stock	BB- Preferred Stock Trust-Originated Preferred Securities (TOPrS)

AVISTA CORPORATION
Capital Structure and Overall Rate of Return

PROFORMA Cost of Capital	<u>Amount</u>	<u>Percent of Total Capital</u>	<u>Cost</u>	<u>Component</u>
Total Long Term Debt	\$ 832,735,414	48.19%	8.70%	4.19%
Trust Preferred Securities	100,000,000	5.79%	7.01%	0.41%
Preferred Stock	29,750,000	1.72%	7.34%	0.13%
Common Equity	<u>765,520,415</u>	<u>44.30%</u>	11.50%	<u>5.09%</u>
TOTAL	<u>\$ 1,728,005,829</u>	<u>100.00%</u>		<u>9.82%</u>

EMBEDDED Cost of Capital as of December 31, 2003	<u>Amount</u>	<u>Percent of Total Capital</u>	<u>Cost</u>	<u>Component</u>
Total Long Term Debt	\$ 898,822,426	50.08%	8.68%	4.35%
Trust Preferred Securities	100,000,000	5.57%	6.15%	0.34%
Preferred Stock	31,500,000	1.76%	7.35%	0.13%
Common Equity	<u>764,290,875</u>	<u>42.59%</u>	11.50%	<u>4.90%</u>
TOTAL	<u>\$ 1,794,613,301</u>	<u>100.00%</u>		<u>9.72%</u>

Exhibit No. 2 2 of 2
M. Malquist
Avista Corporation