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Avista Corp. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question will come from the line of Brian Russo of Ladenburg. Please proceed.

Brian Russo - Ladenburg

Hi, good morning, guys.

Scott Morris

Hi, Brian.

Malyn Malquist

Good morning, Brian.

Brian Russo - Ladenburg

Just curious, I got on the call just a little bit late. I think you said that, July hydro conditions, will that be enough to offset the total impact of the ERM in the first half of the year or not?

Scott Morris

No, it will not, Brian.

Brian Russo - Ladenburg

It will fall short?

Scott Morris

It will fall short. We are really pleased with the July hydro results, but it is not quite enough to make up for the poor conditions we suffered in, primarily April of this year.

Brian Russo - Ladenburg

Okay. And so that, I guess, would imply, say, the middle of your guidance range is assuming normal hydro. And then your ability to reach the high-end of your range would be really dependent on weather?

Malyn Malquist

Brian, this is Malyn. I think that there are still a lot of variables that can impact us. We assume normal hydro through the rest of the year, if we had a very wet fourth quarter, which we had two years ago that would be very helpful to us and probably puts us back into the high-end of the range. We are working real hard to do our best to be somewhere in the middle there, if you will. But there is a lot of variables that happened between now and the end of the year. July is going to be very helpful, but we still are going to absorb some expenses under the ERM, and we know that and we are working to offset those in other areas.

Brian Russo - Ladenburg

Okay. And in terms of the debt issuances you plan in the second half of '08. Can we -- is it going to be First Mortgage Bonds with similar rates as the recently issued debt?

Scott Morris

Brian, we'll be First Mortgage Bonds, rates have moved up and so if we were to issue today they wouldn't be a bit higher, depending on the maturity that we select and we haven't selected that yet. But I would expect that some time between September and December, you will see us in the market for probably around \$100 million of First Mortgage Bonds; tenured to be, yet determined, as well as interest rate.

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