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Avista Corporation Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And your first question is from the line of Paul Ridzon - KeyBanc.

Paul Ridzon - KeyBanc

Just wanted a little more detail; one of the places I got caught by surprise was the tax timing issues at the utility for other taxes, and what was driving that year-over-year discrepancy? At the end of the year it all makes sense and probably you should have seen it coming.

Christy Burmeister-Smith

Good morning. In the fourth quarter of 2006, we had an unusual reduction in property tax. It was primarily in Idaho and it related to the Idaho state law changing, they rolled back sales tax and they rolled back property tax and replaced it with sales tax.

What that did is cause us in 2006 to adjust our accrual downward. The results saw a small impact in Montana, so in 2006, we had about \$3 million pre-tax adjustment in the fourth quarter. Year-over-year our property tax is just the same at about \$20 million.

Paul Ridzon - KeyBanc

Pre-tax would be the same as after-tax in this case?

Christy Burmeister-Smith

As a property tax it would be tax affected of about 65%, so about \$2 million after tax.

Paul Ridzon - KeyBanc

And, Malyn, we have a surprise dividend hike this quarter. I am sure shareholders appreciate that but going forward should we think about the August Board Meeting at the time when they'll visit this every year?

Malyn Malquist

I think that it will be done in the second half of the year, and what we're shooting for as you'll recall was getting the investment grade credit rating back and refinancing the 9 ¾% notes and of course the 9 ¾% notes are going to happen in the second quarter, so I won't predict which quarter the Board will do that in Paul, but I think that they'll be in a position to look pretty hard at it in August.

Paul Ridzon - KeyBanc

And certainly other industrial sectors are having troubles in the debt markets; what are you seeing out there? How are the spreads and what's your outlook for the refi on the 9 ¾%?

Malyn Malquist

It's certainly a lot more volatile than we'd like it to be and we're hoping that things will calm down a bit, the spreads have blown out pretty significantly for us but we're still anticipating we're going to see a very substantial savings versus the 9 ¾% that we have.

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