

Avista Corp.
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UE-051895 (SF)
12-28-05



December 5, 2005

State of Washington
Washington Utilities and Transportation Commission
1300 Evergreen Park Drive South
Olympia WA 98504

Attention: Ms. Carole Washburn, Secretary

Docket No. _____

Transmitted herewith are one executed and two conformed copies of an application for approval of an order establishing compliance with RCW 80.08.040. The application contains as much information as is presently known. If other applicable data or documents become available, they will be forwarded to your attention.

The Company requests to receive an Order of Approval from the Commission by January 12, 2005. When complete, please send one (1) executed copies of the Order of Approval to:

Ms. Diane C. Thoren
Assistant Treasurer
Avista Corporation
East 1411 Mission Avenue
Spokane WA 99202-2600

If any questions arise or additional information is needed, please do not hesitate to contact Paul Kimball at 509-495-4584.

Sincerely,

A handwritten signature in cursive script that reads "Diane Thoren".

Diane Thoren
Assistant Treasurer

Enclosures

RECEIVED
RECORDS MANAGEMENT
05 DEC - 7 AM 8:25
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the matter of the request of)
AVISTA CORPORATION)
for an order establishing compliance)
with Chapter 80.08 RCW)

Amended Application
Docket No.

Avista Corporation (hereinafter called "Applicant") hereby requests the Washington Utilities and Transportation Commission to enter a written order establishing that the proposed offering, issuance and sale by the Applicant of up to 7,000,000 authorized but unissued shares of its Common Stock under both a periodic offering program (2,000,000) and the Applicant's Long-Term Incentive Plan (5,000,000) is in compliance with the requirements of Chapter 80.08 RCW.

The following information is furnished in support of this application, in accordance with the requirements of RCW 80.08.040:


(1) A Description of the Purposes for Which the Issuance is Made, Including a Certification By an Officer Authorized To Do So That the Proceeds From Any Such Securities Are For One Or More of the Purposes Allowed By Chapter 80.08 RCW.

The Applicant will use the proceeds from the proposed offerings, issuance and sale of Common Stock for one or more of the following purposes: (a) The acquisition of property, or the construction, completion, extension, or improvement of its facilities, or (b) the improvement or maintenance of service, or (c) the issuance of stock dividends, or (d) the discharge or refunding of its obligations, or (e) the reimbursement of moneys actually expended from income or from the treasury of the Applicant to the extent permitted by RCW 80.08.030, or (f) for other purposes permitted by law.

The Applicant will utilize the proceeds of the proposed Common Stock offerings for lawful purposes as outlined in RCW 80.08.030.

The undersigned certifies that she has read the foregoing information with respect to proposed use of funds and knows the contents thereof and that the same are true to the best of her own knowledge or belief.

Done at Spokane, Washington this 5th day of December, 2005.

By: 

Diane C. Thoren
Assistant Treasurer

(2) A Description of the Proposed Issuance Including the Terms of Financing.

Periodic Offering Program

The Applicant proposes to issue up to 2,000,000 shares of authorized but unissued Common Stock, without par value, ("Common Stock") under a periodic offering program. Since the new shares of Common Stock are expected to be issued from time to time and such issuances and sales are dependent upon factors such as market conditions and investor demand, the Applicant is not now able to specify the price at which the Common Stock will be sold.

The Applicant proposes to issue the Common Stock from time to time through one or more agents. The agents will assist the Applicant with the marketing and distribution of new shares of Common Stock pursuant to an arrangement under which the new shares would be sold in one or more methods of offering determined by such agents, all in accordance with the terms of sales agency agreements. The new shares will be offered to the public after a registration statement relating to the new shares is declared effective and any other applicable requirements satisfied. The agents selected by the Applicant will have experience in marketing securities similar to the Common Stock, are expected to be familiar with the Applicant and the Applicant's long-term financing goals. The agents will assist the Applicant in evaluating market conditions and in formulating the terms and timing of the issuances.

The Applicant proposes that Common Stock issued and sold under a periodic offering program will be subject to the following pricing limitations: the price received by the Applicant, before agent commission, will not be less than \$0.25 below the last price at which the Applicant's Common Stock was reported in the record of composite quotations published in The Wall Street Journal on the trading day immediately preceding the day for the fixing of such price, and will also not be less than 100% of the book value per share of the Applicant's Common Stock as of the last day of the most recently ended calendar quarter.

Long-Term Incentive Plan

The Applicant proposes to issue up to 5,000,000 shares of authorized but unissued Common Stock under its Long-Term Incentive Plan ("LTIP"). The Applicant has issued awards under the LTIP and is currently using open market purchases to fulfill its obligations under the LTIP. Prior to January 2005, the Applicant maintained both a Long-Term Incentive Plan and a 2000 Non-officer Employee Long-Term Incentive Plan. Both of those plans have been merged into the Applicant's LTIP, and awards outstanding under the prior plans have been assumed by the LTIP. Starting January 1, 2006, the Applicant would like the flexibility to issue either authorized but unissued shares of Common Stock or use open market purchases of issued and outstanding shares of Common Stock to fulfill its obligations under the LTIP.

The LTIP is administered by the Board of Directors of the Applicant or a committee or committees appointed by, and consisting of two or more members of the Board of Directors of the Applicant. To the extent consistent with applicable law, the Board of Directors may authorize one or more senior executive officers of the Applicant to grant awards to designated classes of eligible employees within the limits prescribed by the Board of Directors.

Awards under the LTIP may include, but are not limited to, incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, performance awards, other stock-based awards and dividend equivalent rights. Awards may be granted singly, in combination or in tandem so that the settlement or payment of one automatically reduces or cancels the other. Awards may also be made in combination or in tandem with, as alternatives to, or as the payment form for, grants or rights under any other employee or compensation plan of the Applicant

(3) Statement As To Why The Transaction Is In the Public Interest.

The Applicant is committed to improving the common equity ratio of its capital structure and having the ability to issue authorized but unissued common stock under a periodic offering program and the LTIP will aid the Applicant in meeting its goal. In addition, issuing common stock under the periodic offering program is a more cost effective manner of issuing stock than large underwritten offerings. The requested authority also allows the Applicant additional flexibility in managing its funds. Finally, as to the LTIP, issuing common stock rather than purchasing in the open market reduces the cash requirements necessary to fulfill the obligations under the plan.

(4) Text of a Draft Order Granting Applicant's Request for an Order.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the matter of the request of AVISTA CORPORATION for an order establishing compliance with Chapter 80.08 RCW)))))	Docket No. _____ ORDER
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On December 7, 2005, Avista Corporation ("Applicant") filed its application before the Washington Utilities and Transportation Commission in this matter for an order establishing that a proposed offering, issuance and sale by the Applicant of up to 7,000,000 authorized but unissued shares of its Common Stock under both a periodic offering program and the Applicant's Long-Term Incentive Plan is in compliance with the requirements of Chapter 80.08 RCW.

Background

On December 7, 2005, the Applicant, filed an application with the Commission under the provisions of Chapter 80.08 RCW for an order establishing compliance with the requirements of that statute in connection with the Applicant's proposed offering, issuance and sale of Common Stock for purposes permitted by law, in forms necessary or convenient to its operations, in a total amount of up to and including 7,000,000 authorized but unissued shares.

The Applicant has filed certain information with the Commission as required under RCW 80.08.040 and has requested the Commission to enter an order that the Applicant and the proposed offering, issuance and sale of Common Stock by the Applicant is in compliance with the requirements of Chapter 80.08 RCW.

FINDINGS

THE COMMISSION FINDS:

1. The Applicant, Avista Corporation, a Washington corporation, is a public service company subject to the jurisdiction of this Commission under the provisions of Chapter 80.08 RCW.
2. As to form, the application herein meets the requirements of Chapter 80.08 RCW and the rules and regulations of the Commission adopted pursuant thereto.
3. The application in this Docket contains (a) a description of the purposes for which the proposed securities will be issued along with certification by an authorized officer that the proceeds from this financing will be used for the purpose allowed by Chapter 80.08 RCW; (b) a description of the proposed issuance, including the terms of financing; and (c) a statement as to why the proposed transactions are in the public interest.
4. An order finding the application and the proposed offering, issuance and sale of Common Stock by the Applicant is in compliance with the requirements of Chapter 80.08 RCW should be entered.

ORDER

THE COMMISSION ORDERS:

1. The application filed by Avista Corporation, and the proposed offering, issuance and sale of Common Stock by Avista Corporation as described in the application is in compliance with the requirements of Chapter 80.08 RCW.
2. Avista Corporation shall file, as soon as available:
 - a. The Report of Securities Issued required by WAC 480-146-230.
 - b. Verified copies of any agreement entered into in connection with any transaction pursuant to this order.
3. This order shall in no way affect the authority of this Commission over rates, service, accounts, valuations, estimates or determination of costs, or any matters whatsoever that may come before it, nor shall anything herein be construed as an acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.

DONE at Olympia, Washington, and effective this day of , 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

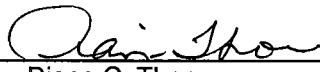
Carole J. Washburn
Secretary

Wherefore, the undersigned, an authorized agent of the Applicant, requests that the Washington Utilities and Transportation Commission issue its order affirming that the applicant has complied with the requirements of RCW 80.08.040.

The undersigned certifies, under penalties of perjury as provided in RCW 9A.72.085, that she has read the foregoing application and knows the contents thereof and that the same are true to the best of her own knowledge or belief.

Done at Spokane, Washington this 5th day of December, 2005.

AVISTA CORPORATION

By:  _____
Diane C. Thoren
Assistant Treasurer