

Avista Corp.

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September 15, 2010

Mr. David Danner, Executive Director and Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

Mr. Danner:

Transmitted herewith is one executed copy of an application for approval of an order authorizing security issuance.

The Company requests to receive an Order of Approval from the Commission by October 1, 2010. When complete, please send the executed copy of the Order of Approval to:

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

If any questions arise or additional information is needed, please do not hesitate to contact Damien Lysiak at 509-495-2097.

Sincerely,

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

Diane Thoren
Treasurer

Enclosures

2010 SEP 15 AM 9:17

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)))))	Application Docket No.
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Avista Corporation (hereinafter called "Applicant") hereby requests the Washington Utilities and Transportation Commission enter a written order authorizing the Applicant to enter into one or more credit facilities of up to \$600,000,000 with terms of up to 5 years, subject to extension for up to two more years if the Applicant and the banks agree, and in connection therewith to offer, issue and sell certain secured or unsecured bonds (including First Mortgage Bonds issued under Applicant's Mortgage and Deed of Trust, dated June 1, 1939, as amended and supplemented), notes and other evidences of indebtedness, including, without limitation, assumption of any obligation or liability as guarantor, indorser, surety or otherwise in respect of such securities, and any refunding, extension, renewal or replacement of such credit facilities or any of the foregoing (collectively, the "Credit Facilities") 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:

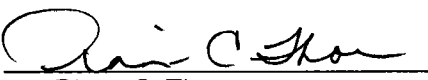
(1) A Description of the Purposes for Which the Issuance is Made, Including a Certification By an Officer Authorized To Do So That the Proceeds From Any Such Securities Are For One Or More of the Purposes Allowed By Chapter 80.08 RCW.

The Applicant will use the funds from the proposed Credit Facilities 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 proposed Credit Facilities for lawful purposes as outlined in RCW 80.08.030. Specifically, the Applicant anticipates using the Credit Facilities to provide liquidity for its operations, including daily operational requirements.

The undersigned certifies that she has read the foregoing information with respect to the 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 15th day of September, 2010.

By: 
Diane C. Thoren
Treasurer

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

Overview:

The Applicant has two existing credit facilities that will expire in April 2011. These existing credit facilities provide the company with a combined \$395 million of liquidity and are its primary liquidity source for purposes allowed by Chapter 80.08 RCW. The requested authority will allow the Applicant to replace these facilities with one or more new revolving credit facilities.

The Credit Facilities will replace the existing credit facilities and provide the Applicant with the continued ability to borrow and repay these amounts as needed for daily operational requirements. The Company, at its option, can rollover these borrowings at revised interest rates during the term of the Credit Facilities without the initial borrowings being repaid in cash until the expiration of the term of the Credit Facilities. The aggregate borrowings outstanding under the Credit Facilities will be limited to \$600,000,000. Similar to the existing credit facilities, interest will be charged under the Credit Facilities at rates set by the tenure of the requested borrowings and the applicable interest rate spread. The Credit Facilities will also include the ability to issue letters of credit, similar to the provisions of the existing credit facilities. The Applicant anticipates that the Credit Facilities will be secured by First Mortgage Bonds issued under the Applicant's Mortgage and Deed of Trust, dated as of June 1, 1939, as amended and supplemented. Substantially all of the Applicant's utility properties are subject to the lien of the Mortgage. The existing facilities are similarly secured with First Mortgage Bonds.

Amount:

\$600,000,000 in aggregate.

Date of Issue and Maturity:

The Credit Facilities are expected to have an initial term of five years with an option to extend the term up to two more years if the Applicant and the banks agree.

Compensation to any bank or agent for their services in connection with the handling of the Credit Facilities is not expected to exceed 1%, including fees for co-lead arrangers (fee paid for organizing the syndication of the Credit Facilities, expected to range from 0.15% to 0.30%) and upfront fees (fee paid for the banks' initial commitment of capital upon closing the Credit Facilities, expected to range from 0.50% to 0.65%), and agency fees (annual fee paid to the lead bank for administering the Credit Facilities expected to range from \$25,000 to \$40,000 annually), and such fees do not exceed the customary fees for such services in arm's-length transactions and are reasonable.

Estimated fees and borrowing spreads, based on the Applicant's current senior secured debt rating and current market information, are as follows:

Pricing Level	Facility/Undrawn Fee	Eurodollar Margin ⁽¹⁾	Alternate Base Rate Margin ⁽²⁾
I (greater than or equal to A/A2)	0.425%	2.125%	3.125%
II (A-/A3)	0.450%	2.250%	3.250%
III (BBB+/Baa1)	0.500%	2.500%	3.500%
IV (BBB/Baa2)	0.625%	2.750%	3.750%
V (BBB-/Baa3)	0.750%	3.125%	4.125%
VI (less than or equal to BB+/Ba1)	1.000%	3.500%	4.500%

¹ Eurodollar Margin applies for borrowings with a term of at least two weeks. The rate will be the applicable LIBOR rate plus the Eurodollar Margin.

² Alternate Base Rate Margin applies for borrowings of less than two weeks. The rate is reset daily to whichever is the greatest of (a) Prime Rate, (b) the Federal Funds Rate plus the Base Rate Margin, (c) 30 day LIBOR rate plus 1.00%.

As noted above the fees are based upon the Applicant's current senior secured debt rating. The Applicant's senior secured debt ratings are currently BBB+/Baa1 (i.e. Pricing Level III). In the event that the Applicant's senior secured debt ratings are split by one level, the higher rating will apply. In the event the ratings are split by more than one level, the level that is one level below the higher rating will apply.

The Applicant will only enter into transactions where the fees, interest rates and expenses charged or incurred by the Applicant in connection with the transactions, and any refunding, extensions, renewals or replacements thereof, are competitive with market prices for similar transactions.

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

The requested authority will allow the Applicant to continue manage its daily cash needs consistent with purposes allowed by Chapter 80.08 RCW. The Applicant's capital expenditure program requires a combination of internally generated cash flows and external financings. The requested authority will allow the Applicant to continue to manage its debt and capital needs in the most efficient and cost-effective manner. Accordingly, the Applicant believes the requested authority is in the public interest.

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


A copy of a draft order granting the Applicant's request for an order is attached hereto as "Exhibit A".

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 15th day of September, 2010.

AVISTA CORPORATION

By: 
Diane C. Thoren
Treasurer

Text of a Draft Order Granting Applicant’s Request for an Order

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of)	DOCKET UE-XXXXXX
)	
AVISTA CORPORATION,)	ORDER 01
)	
Petitioner,)	
)	
For an Order Establishing Compliance)	ORDER ESTABLISHING
with the Provisions of RCW 80.08.040,)	COMPLIANCE WITH
with Respect to its Proposal to issue up to)	RCW 80.08.040, SECURITIES
\$600,000,000 of one or more credit)	
facilities)	

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BACKGROUND

- 1 On September 14, 2010, Avista Corporation (“Applicant”) filed its application before the Washington Utilities and Transportation Commission (“Commission”) in this matter for an order affirming that one or more proposed credit facilities of up to \$600,000,000, and any refunding, extension, renewal or replacement of any of the foregoing are in compliance with the requirements of Chapter 80.08.040 RCW.
- 2 According to Avista’s notice and supporting documents, it states the proceeds of the financing are for one or more of the purposes allowed by RCW 80.08.030. The notice contains the statement of an officer explaining why the Company’s decision to issue this particular security is in the public interest.

FINDINGS AND CONCLUSIONS

- 3 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric and natural gas companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.*
- 4 (2) Avista is engaged in the business of providing electricity and natural gas service within the state of Washington. As a public service company, it is subject to Commission jurisdiction.

- 5 (3) The application Avista filed meets the requirements of *RCW 80.08* which govern
the issuance of securities by public service companies.
- 6 (4) The information Avista filed in this docket contains: (a) a certification by an
authorized officer that the proceeds will be used for one or more purposes allowed
by *RCW 80.08.030*; (b) a description of the Credit Facilities, and (c) a statement
as to why the proposed transaction is in the public interest. *See WAC 480-110-525*
& *WAC-480-90-242*.
- 7 (5) After reviewing the information and notice Avista filed in Docket UE-XXXXX
on September 14, 2010, the information in its September 14, 2010 letter, and
giving due consideration to the information in Avista's notice, the Commission
finds that Avista is in compliance with *RCW 80.08.040*.

ORDER

THE COMMISSION ORDERS:

- 8 (1) Avista is in compliance with the requirements of *RCW 80.08.040* with respect to
the proposal in its notice to enter into one or more credit facilities of up to
\$600,000,000.
- 9 (2) Avista will file a Report of Securities Issued as required by *WAC 480-110-565*
and *WAC 480-90-262*. Avista is also required to file verified copies of any
agreement entered into in connection with any transaction pursuant to this Order.
Finally, Avista shall file a verified statement setting forth in reasonable detail the
disposition of the proceeds of each offering made pursuant to this Order.
- 10 (3) This Order shall in no way affect the authority of the Commission over rates,
services, accounts, valuations, estimates, or determination of costs, or any matters
that may come before it. Nor shall anything in this Order be construed as an
agreement to any estimate or determination of costs, or any valuation of property
claimed or asserted.

The Executive Secretary finding this filing complies with the requirements of
RCW 80.08 enters this Order pursuant to *WAC 480-07-904(f)*.

DONE at Olympia, Washington, and effective this day of , 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

David W. Danner
Secretary