

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

In the Matter of the Application of

Avista,

Petitioner,

DOCKET NO. UE-

ORDER NO.

For an Order Establishing
Compliance with RCW 80.08.040,
with Respect to its Proposal to sell
Securities up to \$100,000,000.
.....

ORDER ESTABLISHING
COMPLIANCE WITH RCW
80.08.040

BACKGROUND

1 On September 20, 2005, Avista Corporation (Avista or the Company) filed a statement of its plan to issue securities with the Washington Utilities and Transportation Commission (Commission). The Company requested an order affirming that the Company has complied with the requirements of RCW 80.08.040.

DISCUSSION

2 In its application, the Company proposes to offer, issue and sale up to and including \$100,000,000 of secured, fixed or floating rate bonds, notes and other evidences of indebtedness, including, without limitation, any refunding, extension, renewal or replacement of any of the foregoing (the "Securities"). The application is filed pursuant to Chapter 80.08 RCW and the requirements of WAC 480-146-290.

3 According to the application and supporting materials filed by the Company, the proceeds of the financing are for one or more of the purposes allowed by RCW 80.08.030. Specifically, the Applicant anticipates using the proceeds from the issuance of the Securities to refinance debt maturities and to repay funds borrowed under its corporate credit facility. The Applicant has \$50 million of debt maturities in the next 12 months beginning in November 2005 that must be refinanced. In addition, the Applicant will have borrowed approximately \$56 million under its corporate credit facility in

September 2005 to fund the Applicant's purchase price obligation upon the termination of the lease for the Applicant's generating facility located in Rathdrum, Idaho.

4 The debt securities may be sold to underwriters or through agents who in turn will offer the debt securities to investors, or may be sold directly to investors either with or without the assistance of a private placement agent.

5 In all series' issuances, the terms for the sale of each series will be determined at the time of issuance, and underwriters, agents, or other purchasers will be selected at that time. The terms for the issuance and sale of each series and the names of the underwriters, agents, or other purchasers will be supplied to the Commission at the time of issuance

6 In its application, the Company states that the requested authority allows greater flexibility in managing its source of external funds in order to achieve lower financing costs. Since this enables the Company to manage its debt and capital structure in a more efficient manner, the Company asserts that its request is in the public interest.

FINDINGS

7 (1) Avista is engaged in the business of electric service within the state of Washington. As a public service company, it is subject to the jurisdiction of the Commission under the provisions of Chapter 80.08 RCW.

8 (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. *Chapter 480-146 WAC.*

9 (3) This matter was brought before the Commission at its regularly scheduled meeting on October ____, 2005.

10 (4) The Company's application 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 proposed issuance, including the terms of

financing, and (c) a statement as to why the proposed transaction[s] is in the public interest.

ORDER

THE COMMISSION ORDERS:

- 11 (1) Avista Corporation has complied with the requirements of RCW 80.08.040 with respect to the proposals set forth in its application to sell up to and including \$100,000,000 of debt securities.
- 12 (2) The Company is directed to file a Report of Securities Issued as required by WAC 480-146-340. The Company is also required to file verified copies of any agreement entered into in connection with any transaction pursuant to this Order. Finally, the Company shall file a verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to this Order.
- 13 (3) This Order shall in no way affect the authority of this Commission over rates, services, accounts, valuations, estimates, or determination of costs, or any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.

The Commissioners, having determined this filing complies with the requirements of Chapter 80.08 RCW, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective this ____ day of October, 2005.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary