

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

In the Matter of the Application of

DOCKET NO. UE-

Avista,

ORDER NO.

Petitioner,

For an Order Establishing  
Compliance with RCW 80.08.040,  
with Respect to its Proposal to issue  
Common Stock.

ORDER ESTABLISHING  
COMPLIANCE WITH RCW  
80.08.040

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BACKGROUND

1 On April 7, 2006, Avista Corporation (Avista or the Company) filed a statement of its plan to issue Common Stock 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 sell up to and including 5,000,000 authorized but unissued shares of its Common Stock. 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 issuances of the Common Stock to fund its ongoing capital expenditure needs.

4 The terms for the sale of each issuance will be determined at the time of issuance, and underwriters, agents, or other purchasers will be selected at that time.

5 The requested authority allows the Applicant to reduce its debt to equity ratio over time  
by issuing additional Common Stock and thus will strengthen its balance sheet. The  
Applicant has an anticipated capital expenditure program in excess of \$450 million over  
the next three years. Additionally, debt and preferred stock in excess of \$550 million  
matures in that same timeframe. Issuing common equity will provide flexibility in  
meeting these obligations. Accordingly, Applicant believes the requested authority is  
consistent with the public interest and necessary or appropriate for or consistent with the  
proper performance by the Applicant of service as a public utility.

#### FINDINGS

- 6 (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.
- 7 (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.*
- 8 (3) This matter was brought before the Commission at its regularly scheduled  
meeting on April \_\_\_\_, 2006.
- 9 (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:

- 10 (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 5,000,000 authorized but unissued shares of its Common Stock.
- 11 (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.
- 12 (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 April, 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary