

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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STATE OF WASH.
UTIL. AND TRANSP.
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 \$150,000,000 of secured indebtedness of the Applicant, and any refunding, extension, renewal or replacement of any of the foregoing (the "Securities") 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, WAC 480-146-290 and -300, and the Commission's Interpretative Statement No. A-020334:

(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 offerings, issuance and sale of Securities 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 (e) for other purposes permitted by law.

The Applicant will utilize the proceeds of the proposed debt offering for lawful purposes as outlined in RCW 80.08.030. Specifically, the Applicant's capital expenditure program requires a combination of internally generated cash and external financing. In addition, the Applicant has \$71.25 million of debt maturities in the next 9 months beginning in March 2003 that must be refinanced. 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's capital expenditure program is initially funded under its corporate credit facility. Capital expenditures are expected to be \$99 million and \$100 million in 2003 and 2004, respectively.

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 23rd day of June, 2003.

By: 
Diane C. Thoren
Assistant Treasurer

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

In accordance with the attached Board resolutions of the Applicant, the Applicant proposes to offer, issue and sell Securities for purposes authorized by law, in forms necessary or convenient to its operations, in a total amount of up to and including \$150,000,000 of secured indebtedness for terms which may exceed 364 days. 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 then-existing market prices for similar transactions.

The first issuance of Securities under the requested authority is anticipated before the end of 2003 and could be in the range of \$45-\$50 Million, with a term of 10-30 years and the interest rate is likely to fall within the range of 4.5% to 8.5%, depending on and subject to then-existing market prices for similar transactions. Subsequent issuances are anticipated to be in similar amounts and for terms that would be competitive with then-existing market prices for similar transactions. At this time, however, it is impossible to state the final terms and conditions of the issuance of Securities.

Pursuant to WAC 480-146-340, the Applicant will file a letter with the Commission outlining the final terms and conditions of the transactions within thirty (30) days after the issuance of such Securities.

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

The issuance of the requested authority allows the Applicant the maximum flexibility in managing its funds and reducing borrowing costs. The proposed authority would allow the Applicant to better manage its debt and capital in the most efficient and cost effective manner. Accordingly, Applicant believes the requested authority is in the public interest.

(4) Text of a Draft Order Granting Applicant's Request for an Order, Including A Disk Containing the Proposed Language in a Format Acceptable to the Commission.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the matter of the request of)	Docket No. _____
AVISTA CORPORATION)	
for an order establishing compliance)	ORDER
<u>with Chapter 80.08 RCW</u>)	

On May 12, 2003, 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 \$150,000,000 of secured indebtedness of the Applicant, and any refunding, extension, renewal or replacement of any of the foregoing (the "Securities") is in compliance with the requirements of Chapter 80.08 RCW, WAC 480-146-290 and -300, and the Commission's Interpretative Statement No. A-020334.

Background

On June 12, 2003, 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 Securities for purposes permitted by law, in forms necessary or convenient to its operations, in a total amount of up to and including \$150,000,000 and for terms which may exceed 364 days.

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 Securities by the Applicant is in compliance with the requirements of Chapter 80.08 RCW, WAC 480-146-290 and -300, and the Commission's Interpretative Statement No. A-020334.

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 Securities 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 the Securities 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 , 2003.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

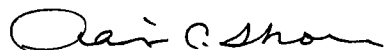
Carole Washburn
Secretary

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 23rd day of June, 2003.

AVISTA CORPORATION

By: 
Diane C. Thoren