

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

In the Matter of the Application of)	DOCKET NO. UE-040663
)	
Avista Corporation,)	ORDER NO. 1
)	
Petitioner,)	
)	
For an Order Establishing)	
Compliance with RCW 80.08.040,)	
with Respect to its Proposal to sell)	ORDER ESTABLISHING
Securities up to \$250,000,000 and)	COMPLIANCE WITH RCW
not more than 3,000,000 shares of)	80.08.040
Common Stock.)	
.....)	

BACKGROUND

- 1 On April 9, 2004, Avista Corporation (Avista or the Company) filed a statement of its plan to issue new securities with the Washington Utilities and Transportation Commission (Commission). The Company requests an order from the Commission affirming it is in compliance with the notice requirements of RCW 80.08.040.

- 2 In its application, the Company proposes to offer, issue and sell up to \$250,000,000 of unsecured, fixed or floating rate bonds, notes and other evidences of indebtedness, which may be convertible into or exchangeable for shares of the Company's common stock, and up to and including 3,000,000 shares of the Company's common stock, 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 Company's capital

expenditure program requires a combination of internally generated cash and external financing. In addition, the Company has \$28,500,000 of debt maturing in the next 9 months beginning in March 2004 that must be refinanced. The Company 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 Company's capital expenditure program is initially funded under its corporate credit facility. Capital expenditures are expected to be \$110 million and \$120 million in 2004 and 2005, respectively.

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 proposal 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 AND CONCLUSIONS

7 (1) Avista is engaged in the business of electric and natural gas 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 April 28, 2004.
- 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 \$250,000,000 of debt securities, which may be convertible into or exchangeable for shares of the Company's common stock, and up to and including 3,000,000 shares of the Company's common stock.
- 12 (2) Avista Corporation 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 28th day of April, 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary