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As filed with the Securities and Exchange Commission on March 15, 2013

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-3

UNDER

THE SECURITIES ACT OF 1933

AVISTA CORPORATION

(Exact name of Registrant as specified in its charter)

Washington	91-0462470
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1411 East Mission Avenue
Spokane, Washington 99202
(509) 489-0500

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

MARIAN M. DURKIN	J. ANTHONY TERRELL
Senior Vice President,	Pillsbury Winthrop Shaw Pittman LLP
General Counsel and	1540 Broadway
Chief Compliance Officer	New York, New York 10036
Avista Corporation	(212) 858-1000
1411 East Mission Avenue	
Spokane, Washington 99202	
(509) 489-0500	

(Name and address, including zip code, and telephone number, including area code, of agents for service)

Approximate date of commencement of proposed sale to the public: From time to time after the registration statement becomes effective, as determined by market and other conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, please check the following box. ☒

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to Be Registered/ Proposed Maximum Aggregate Offering Price Per Unit/ Proposed Maximum Aggregate Offering Price/ Amount of Registration Fee (1)
Debt Securities	
Preferred Stock (no par value)	
Common Stock (no par value)	

(1) There are being registered hereunder such presently indeterminate principal amount of Debt Securities of Avista Corporation, such presently indeterminate number of shares of Avista Corporation preferred stock and such presently indeterminate number of shares of Avista Corporation common stock. In accordance with Rules 456(b) and 457(r), the registrant is deferring payment of all of the registration fee.

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PROSPECTUS

AVISTA CORPORATION

Debt Securities

Preferred Stock
(no par value)

Common Stock
(no par value)

Avista Corporation may offer these securities from time to time on terms and at prices to be determined at the time of sale. The supplement to this prospectus relating to each offering will describe the specific terms of the securities being offered, as well as the terms of the offering and sale including the offering price.

Avista Corporation may sell these securities to or through underwriters, dealers or agents or directly to one or more purchasers.

Outstanding shares of Avista Corporation's common stock are listed on the New York Stock Exchange under the symbol "AVA". New shares of common stock will also be listed on the NYSE.

See "Risk Factors" on page 2 for reference to certain factors you should consider before investing in the securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is March 15, 2013.

This prospectus incorporates by reference important business, financial and other information about Avista Corporation that is not included in or delivered with this prospectus. See "Where You Can Find More Information". You may obtain copies of documents containing such information from us, without charge, by either calling or writing to us at:

Avista Corporation
Post Office Box 3727
Spokane, Washington 99220
Attention: Treasurer
Telephone: (509) 489-0500

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We have not authorized anyone to give you any information other than this prospectus, the accompanying prospectus supplement relating to an offering of specific securities and any written communication from us or any underwriters or agents specifying the final terms of such securities. You should assume that the information contained or incorporated by reference in this prospectus, the accompanying prospectus supplement and any such written communication is accurate only as of the respective dates of these documents. We are not offering to sell any securities and we are not soliciting offers to buy any securities in any jurisdiction in which offers are not permitted.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Avista Corporation filed with the Securities and Exchange Commission (the "SEC"), using the "shelf" registration process. Under this shelf registration process, we may, from time to time, sell the securities described in this prospectus in one or more offerings. This prospectus provides a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. That prospectus supplement may include or incorporate by reference a detailed and current discussion of any risk factors and will discuss any special considerations applicable to those securities, including the plan of distribution. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information". If there is any inconsistency between the information in this prospectus and any prospectus supplement or a document incorporated by reference herein filed after the date hereof, you should rely on the information contained in that prospectus supplement or incorporated document.

References in the prospectus to the terms "we", "us" or "Avista" or other similar terms mean Avista Corporation, unless we state otherwise or the context indicates otherwise.

We may use this prospectus to offer from time to time:

- Secured bonds issued under the Mortgage and Deed of Trust, dated as of June 1, 1939 (the "Original Mortgage"), between Avista and Citibank, N.A., as successor trustee (the "Mortgage Trustee"), the Original Mortgage, as amended and supplemented from time to time, being hereinafter called the "Mortgage". The secured bonds offered by this prospectus are hereinafter called "Bonds".
- Unsecured notes, debentures or other debt securities issued under the Indenture, dated as of April 1, 1998 (the "Original Indenture"), between Avista and The Bank of New York Mellon, as successor trustee (the "Indenture Trustee"), the Original Indenture, as amended and supplemented from time to time, being hereinafter called the "Indenture". The unsecured notes, debentures and other debt securities offered by this prospectus are hereinafter called "Notes" and, together with the Bonds, are hereinafter called "Debt Securities".
- Shares of preferred stock, no par value (the "Preferred Stock"). The Preferred Stock offered by this prospectus is hereinafter called the "New Preferred Stock". The terms of the Preferred Stock include those stated in Avista's Restated Articles of Incorporation, as amended (the "Articles"), and its Bylaws (the "Bylaws") and those made applicable thereto by the Washington Business Corporation Act (the "Washington BCA").
- Shares of common stock, no par value (the "Common Stock"). The terms of the Common Stock include those stated in the Articles and the Bylaws and those made applicable thereto by the Washington BCA.

The shares of Common Stock offered by this prospectus, together with the Debt Securities and the New Preferred Stock, are hereinafter sometimes called, collectively, "Securities".

We may also offer hybrid securities that combine certain features of Securities of two or more classes.

Except in the case of hybrid Securities or as otherwise set forth in a supplement to this prospectus, the descriptions of the respective classes of Securities contained in this prospectus are independent, and no description of Securities of one class is relevant to an offering of Securities of another class.

For more detailed information about the Securities, you can read the exhibits to the registration statement. Those exhibits have been either filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement. See "Where You Can Find More Information".

RISK FACTORS

Investing in the Securities involves risk. You should review all the information contained or incorporated by reference in this prospectus before deciding to invest. See "Where You Can Find More Information" herein. In particular, you should carefully consider the risks and uncertainties discussed in "Risk Factors", "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual and quarterly reports incorporated herein by reference.

In addition, you should carefully consider the risks and uncertainties discussed in the applicable prospectus supplement which relate to the specific Securities offered thereby.

AVISTA CORPORATION

Avista Corporation, incorporated in the Territory of Washington in 1889, is an energy company engaged in the generation, transmission and distribution of energy as well as other energy-related businesses. Our corporate headquarters are in Spokane, Washington, the second-largest city in Washington. Spokane serves as the business, transportation, medical, industrial and cultural hub of the Inland Northwest region.

We have two reportable business segments, as follows:

- *Avista Utilities* — an operating division of Avista Corporation that comprises our regulated utility operations. Avista Utilities generates, transmits and distributes electric energy and distributes natural gas. The utility also engages in wholesale purchases and sales of electricity and natural gas.
- *Ecova, Inc.* — an indirect majority-owned subsidiary of Avista Corporation that provides energy efficiency and cost management programs and services for multi-site customers and utilities throughout North America. Ecova's service lines include expense management services for utility and telecom needs, as well as strategic energy management and efficiency services.

We have other businesses, including a sheet metal fabrication business, emerging technology venture fund investments and commercial real estate investments, as well as Spokane Energy, LLC. These activities do not represent a reportable business segment and are conducted by various indirect subsidiaries of Avista Corp.

Ecova, Inc. and various other companies are subsidiaries of Avista Capital, Inc., which is a direct, wholly-owned subsidiary of Avista Corporation.

USE OF PROCEEDS

Unless we indicate differently in a supplement to this prospectus, Avista intends to use the net proceeds from the issuance and sale of the Securities offered by this prospectus for any or all of the following purposes: (a) to fund Avista Utilities' construction, facility improvement and maintenance programs, (b) to refinance maturing long-term debt, (c) to continue to fund retirements (through redemption, purchase or acquisition) of long-term debt, (d) to repay short-term debt, (e) to accomplish other general corporate purposes permitted by law and (f) to reimburse Avista's treasury for funds previously expended for any of these purposes.

DESCRIPTION OF THE BONDS

Avista may issue the Bonds in one or more series, or in one or more tranches within a series. The terms of the Bonds will include those stated in the Mortgage and those made part of the Mortgage by the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). The following summary is not complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Mortgage and the Trust

Indenture Act. The Bonds, together with all other debt securities outstanding under the Mortgage, are hereinafter called, collectively, the "Mortgage Securities". Avista has filed the Mortgage, as well as a form of supplemental indenture to the Mortgage to establish a series of Bonds, as exhibits to the registration statement of which this prospectus is a part. Capitalized terms used under this heading which are not otherwise defined in this prospectus have the meanings set forth in the Mortgage. Wherever particular provisions of the Mortgage or terms defined in the Mortgage are referred to, those provisions or definitions are incorporated by reference as part of the statements made in this prospectus and those statements are qualified in their entirety by that reference. Sections 125 through 150 of the Mortgage appear in the first supplemental indenture to the Original Mortgage. References to article and section numbers, unless otherwise indicated, are references to article and section numbers of the Mortgage.

The applicable prospectus supplement will describe the following terms of the Bonds of each series:

- the title of the Bonds;
- any limit upon the aggregate principal amount of the Bonds;
- the date or dates on which the principal of the Bonds is payable or the method of determination thereof and the right, if any, to extend such date or dates;
- (a) the rate or rates at which the Bonds will bear interest, if any, or the method by which such rate or rates, if any, will be determined, (b) the date or dates from which any such interest will accrue, (c) the interest payment dates on which any such interest will be payable, (d) the right, if any, of Avista to defer or extend an interest payment date, (e) the regular record date for any interest payable on any interest payment date and (f) the person or persons to whom the interest on the Bonds will be payable on any interest payment date, if other than the person or persons in whose names the Bonds are registered at the close of business on the regular record date for such interest;
- any period or periods within which, or date or dates on which, the price or prices at which and the terms and conditions upon which the Bonds may be redeemed, in whole or in part, at the option of Avista;
- (a) the obligation or obligations, if any, of Avista to redeem or purchase any of the Bonds pursuant to any sinking fund or other mandatory redemption provisions or at the option of the Holder (as defined below), (b) the period or periods within which, or date or dates on which, the price or prices at which and the terms and conditions upon which the Bonds will be redeemed or purchased, in whole or in part, pursuant to such obligation, and (c) applicable exceptions to the requirements of a notice of redemption in the case of mandatory redemption or redemption at the option of the Holder;
- the terms, if any, upon which the Bonds may be converted into other securities of Avista;
- the denominations in which any of the Bonds will be issuable if other than denominations of $1,000 and any integral multiple of $1,000;
- if the Bonds are to be issued in global form, the identity of the depositary; and
- any other terms of the Bonds.

Payment and Paying Agents

Except as may be provided in the applicable prospectus supplement, Avista will pay interest, if any, on each Bond on each interest payment date to the person in whose name such Bond is registered (for purposes of this section of the prospectus, the registered holder of any Mortgage Security is herein referred to as a "Holder") as of the close of business on the regular record date relating to such interest payment date; provided, however, that Avista will pay interest at maturity (whether at stated maturity, upon redemption or otherwise, "Maturity") to the person to whom principal is paid.

Unless otherwise specified in the applicable prospectus supplement, Avista will pay the principal of and premium, if any, and interest, if any, on the Bonds at Maturity upon presentation of the Bonds at the corporate trust office of Citibank, N.A. in New York, New York, as paying agent for Avista. Avista may change the place of payment of the Bonds, may appoint one or more additional paying agents (including Avista) and may remove any paying agent, all at its discretion.

Registration; Registration of Transfer

Unless otherwise specified in the applicable prospectus supplement, the Bonds will be issued only in fully registered form. The registered holder of a Bond will be treated as the owner of the Bond for all purposes under the Mortgage. Only registered holders will have rights under the Mortgage. (Original Mortgage, Sec. 83)

The transfer of Bonds may be registered, and Bonds may be exchanged for other Bonds, upon surrender thereof at the principal office of Citibank, N.A. Avista may change any place for registration of transfer or exchange, and may designate an additional such place (including an office of Avista itself), in its discretion.

Except as otherwise provided in the applicable prospectus supplement, no service charge will be made for any registration of transfer or exchange of Bonds, but Avista may require payment of a sum sufficient to cover any tax or other governmental charge incident thereto. Avista will not be required to make any transfer or exchange of any Bonds for a period of 10 days next preceding any interest payment date or any selection of Bonds for redemption, nor will it be required to make transfers or exchanges of any Bonds which have been selected for redemption in whole or in part or as to which Avista shall have received a notice for the redemption thereof in whole or in part at the option of the Holder.

Redemption

The applicable prospectus supplement will indicate the extent, if any, to which the Bonds will be subject to (a) general redemption at the option of Avista or (b) special redemption by the application (either at the option of Avista or pursuant to the requirements of the Mortgage) of (x) cash deposited with the Mortgage Trustee as described under “Special Provisions for Retirement of Bonds” below or (y) cash deposited with the Mortgage Trustee in connection with the release of property from the lien of the Mortgage.

Notice of redemption will be given by mail not less than 30 days prior to the date fixed for redemption. (Original Mortgage, Sec. 52, as supplemented by the Fourteenth Supplemental)

If less than all the Bonds of a series are to be redeemed, the particular Bonds to be redeemed will be selected by the Mortgage Trustee by lot, according to such method as it shall deem proper in its discretion, or in such other manner as shall be specified with respect to any particular series. (Original Mortgage, Sec. 52; Forty-ninth Supplemental, Art. IV)

Any notice of redemption at the option of Avista may state that such redemption will be conditional upon receipt by the Mortgage Trustee, on or before the date fixed for such redemption, of money sufficient to pay the principal of and premium, if any, and interest, if any, on such Bonds and that if such money has not been so received, such notice will be of no force or effect and Avista will not be required to redeem such Bonds. (Original Mortgage, Sec. 52)

Issuance of Additional Mortgage Securities

In addition to the Bonds, other debt securities may be issued under the Mortgage. The present principal amount of debt securities which may be outstanding under the Mortgage is $10,000,000,000. However, Avista has reserved the right to amend the Mortgage (without any consent of or other action of Holders of any Mortgage Securities now or hereafter outstanding) to remove this limitation.

Mortgage Securities of any series may be issued from time to time on the basis of:

- 66 2/3% of cost or fair value to Avista (whichever is less) of property additions which have not previously been made the basis of any application under the Mortgage and therefore do not constitute funded property after adjustments to offset property retirements;
- an equal principal amount of Mortgage Securities which have been or are to be paid, redeemed or otherwise retired and have not previously been made the basis of any application under the Mortgage; or
- deposit of cash.

Property additions generally include electric, natural gas, steam or water property acquired after May 31, 1939, but may not include property used principally for the production or gathering of natural gas. Any such property additions may be used if their ownership and operation is within the corporate purposes of Avista regardless of whether or not Avista has all the necessary permission it may need at any time from governmental authorities to operate such property additions.

The Mortgage provides that no reduction in the book value of the property recorded in the plant account of Avista shall constitute a property retirement, otherwise than in connection with physical retirements of property abandoned, destroyed or disposed of, and otherwise than in connection with the removal of such property in its entirety from the plant account.

No Mortgage Securities may be issued on the basis of property additions subject to prior liens, unless the prior lien bonds secured thereby have been qualified by being deducted from the Mortgage Securities otherwise issuable and do not exceed 66 2/3% of such property additions, and unless the Mortgage Securities then to be outstanding which have been issued against property subject to continuing prior liens and certain other items would not exceed 15% of the sum of the aggregate principal amount of all Mortgage Securities outstanding and all such prior lien bonds outstanding.

The amount of prior liens on mortgaged property acquired after the date of delivery of the Mortgage may be increased subsequent to the acquisition of such property provided that, if any property subject to such prior lien shall have been made the basis of any application under the Mortgage, all the additional obligations are deposited with the Mortgage Trustee or other holder of a prior lien.

(Original Mortgage, Secs. 4 through 8, 20 through 30 and 46; First Supplemental, Sec. 2; Eleventh Supplemental, Sec. 5; Twelfth Supplemental, Sec. 1; Fourteenth Supplemental, Sec. 4; Seventeenth Supplemental, Sec. 3; Eighteenth Supplemental, Secs. 1, 2 and 6; Twenty-sixth Supplemental, Sec. 2; Twenty-ninth Supplemental, Art. II; Fifty-second Supplemental, Art. I)

Net Earnings Test

In general, Avista may not issue Mortgage Securities on the basis of property additions or cash unless net earnings for 12 consecutive months out of the preceding 18 calendar months (before income taxes, depreciation and amortization of property, property losses and interest on any indebtedness and amortization of debt discount and expense) are at least twice the annual interest requirements on all Mortgage Securities at the time outstanding, including the additional issue, and on all indebtedness of prior rank.

Avista is not required to satisfy the net earnings requirement prior to the issuance of Mortgage Securities on the basis of retired Mortgage Securities unless:

- the annual interest requirements on the retired Mortgage Securities on the basis of which the new Mortgage Securities are to be issued have been excluded from a net earnings certificate delivered to the Mortgage Trustee since the retirement of such Mortgage Securities; or

- the retired Mortgage Securities on the basis of which the new Mortgage Securities are to be issued mature by their terms at a date more than two years after the date for authentication and delivery of the new Mortgage Securities and the new Mortgage Securities bear interest at a higher rate than such retired Mortgage Securities.

In general, the Mortgage permits the inclusion of the following items in net earnings:

- revenues collected or accrued subject to possible refund;
- any portion of the allowance for funds used during construction; and
- any portion of the allowance for funds used to conserve energy (or any analogous amount), which is not included in "other income" (or any analogous item) in Avista's books of account.

The Mortgage also provides that, in calculating net earnings, no deduction from revenues or other income shall be made for:

- expenses or provisions for any non-recurring charge to income of whatever kind or nature (including without limitation the recognition of expense due to the non-recoverability of investment); or
- provisions for any refund of revenues previously collected or accrued subject to possible refund.

In general, the interest requirement on a new series of Mortgage Securities bearing interest at a variable interest rate or rates is determined by reference to the rate or rates to be in effect at the time of the initial issuance. However, if any outstanding Mortgage Securities or prior ranking indebtedness bears interest at a variable rate or rates, the annual interest requirements thereon are determined by reference to the rate or rates in effect on the date next preceding the date of issue of the new series of Mortgage Securities.

(Original Mortgage, Secs. 7, 28, 29 and 30; Twenty-ninth Supplemental, Sec. 3(b))

Security; Structural Subordination

The Bonds, together with all other Mortgage Securities now or hereafter issued under the Mortgage, will be secured by the Mortgage, which constitutes a first mortgage lien on Avista's facilities for the generation, transmission and distribution of electric energy and the storage and distribution of natural gas and substantially all of Avista's assets (except as stated below), subject to:

- leases of minor portions of Avista's property to others for uses that do not interfere with Avista's business;
- leases of certain property of Avista not used in its utility business;
- excepted encumbrances, as defined in the Mortgage; and
- encumbrances, defects and irregularities deemed immaterial by Avista in the operation of Avista's business.

There are excepted from the lien of the Mortgage all cash and securities (including without limitation securities issued by Avista's subsidiaries); merchandise, equipment, materials or supplies held for sale or consumption in Avista's operations; receivables, contracts, leases and operating agreements; electric energy, and other material or products (including gas) generated, manufactured, produced or purchased by Avista, for sale, distribution or use in the ordinary course of its business. (Original Mortgage, Granting Clauses)

The Mortgage contains provisions for subjecting to the lien thereof all property (other than property of the kind excepted from such lien) acquired by Avista after the execution and delivery thereof, subject to purchase money liens and liens existing thereon at the time of acquisition and, subject to limitations in the case of consolidation, merger or sale of substantially all of Avista's assets. (Original Mortgage, Granting Clauses and Art. XV)

The Mortgage provides that the lien of the Mortgage shall not automatically attach to the properties of another corporation which shall have consolidated or merged with Avista in a transaction in which Avista shall be the surviving or resulting corporation. (Original Mortgage, Sec. 87)

The Mortgage provides that the Mortgage Trustee shall have a lien upon the mortgaged property, prior to the Mortgage Securities, for the payment of its reasonable compensation and expenses and for indemnity. (Original Mortgage, Secs. 92 and 97; First Supplemental, Art. XXV)

Although its utility operations are conducted directly by Avista, all of the other operations of Avista are conducted through its subsidiaries. The lien of the Mortgage does not cover the assets of the subsidiaries or the securities of the subsidiaries held by Avista. Any right of Avista, as a shareholder, to receive assets of any of its direct or indirect subsidiaries upon such subsidiary's liquidation or reorganization (and the right of the Holders of the Bonds and other creditors of Avista to participate in those assets) is junior to the claims against such assets of that subsidiary's creditors. As a result, the obligations of Avista to the holders of the Bonds and other creditors are effectively subordinated in right of payment to all indebtedness and other liabilities and commitments (including trade payables and lease obligations) of Avista's direct and indirect subsidiaries.

Maintenance

The Mortgage provides that Avista will cause (or, with respect to property owned in common with others, make reasonable effort to cause) the mortgaged property to be maintained and kept in good repair, working order and condition, and will cause (or, with respect to property owned in common with others, make reasonable effort to cause) to be made such repairs, renewals and replacements of the mortgaged property as, in Avista's sole judgment, may be necessary to operate the mortgaged property in accordance with common industry practice. Avista may discontinue, or cause or consent to the discontinuance of, the operation and maintenance of any of its properties if such discontinuance is, in the sole judgment of Avista, desirable in the conduct of its business. (Original Mortgage, Sec. 38)

Special Provisions for Retirement of Bonds

If, during any 12-month period, any of the mortgaged property is taken by eminent domain and/or sold to any governmental authority and/or sold pursuant to an order of a governmental authority, with the result that Avista receives $15,000,000 or more in cash or in principal amount of purchase money obligations, Avista is required to apply such cash and the proceeds of such obligations (subject to certain conditions and deductions, and to the extent not otherwise applied) to the redemption of Mortgage Securities which are, by their, terms, redeemable before maturity by the application of such cash and proceeds. (Original Mortgage, Sec. 64; Tenth Supplemental, Sec. 4)

Release and Substitution of Property

Unless Avista is in default in the payment of the interest on any Mortgage Securities then outstanding under the Mortgage, or a Completed Default shall have occurred and is continuing, Avista may obtain the release from the lien of the Mortgage of any mortgaged property upon the deposit of cash equal to the amount, if any, that the fair value of the property to be released exceeds the aggregate of:

(1) the principal amount of any obligations secured by purchase money mortgage upon the property released and delivered to the Mortgage Trustee;

(2) the cost or fair value (whichever is less) of property additions which do not constitute funded property, after certain deductions and additions;

(3) an amount equal to 3/2 of the principal amount of Mortgage Securities that Avista would be entitled to issue on the basis of retired securities (with such entitlement being waived by operation of such release); and

(4) the principal amount of obligations secured by purchase money mortgage upon the property released, and/or an amount in cash delivered to the trustee or other holder of a lien prior to the lien of the Mortgage.

The use of obligations secured by purchase money mortgage as a credit in connection with the release of property, as described in clauses (1) and (4) above, is subject to the following limitations:

(1) the aggregate credit which may be used as described in clauses (1) and (4) above in respect of any property being released may not exceed 66 2/3% of the fair value of such property; and

(2) the aggregate principal amount of such obligations described in (1) and (4) above and all other obligations secured by purchase money mortgage delivered to the Mortgage Trustee pursuant to said clauses (1) and (4) and then held as part of the mortgaged property by the Mortgage Trustee or the trustee or other holder of a prior lien shall not exceed 40% of the aggregate principal amount of outstanding Mortgage Securities.

To the extent that property so released does not constitute funded property, the property additions used to effect the release will not, in certain cases, be deemed to constitute funded property, and the waiver of the right to issue Mortgage Securities to effect the release will, in certain cases, cease to be effective as such a waiver, all upon the satisfaction of certain conditions specified in the Mortgage. The Mortgage contains similar provisions as to cash proceeds of such property. The Mortgage also contains special provisions with respect to prior lien bonds pledged and disposition of moneys received on pledged bonds secured by a prior lien.

(Original Mortgage, Secs. 5; 31, 32, 46 through 50, 59, 60, 61, 118 and 134; Fifty-second Supplemental, Art. I)

Satisfaction and Discharge

Mortgage Securities will be deemed to have been paid for purposes of satisfaction of the lien of the Mortgage if there shall have been irrevocably deposited with the Mortgage Trustee for the payment or redemption of such Mortgage Securities:

- money in an amount which will be sufficient,
- Government Obligations, none of which shall contain provisions permitting the redemption thereof at the option of the issuer thereof, the principal of and the interest on which when due, and without regard to reinvestment thereof, will provide moneys which will be sufficient, or
- a combination of money and Government Obligations which will be sufficient,

to pay when due the principal of, premium, if any, and interest due and to become due on all outstanding Mortgage Securities on the maturity date or redemption date of such Mortgage Securities. For this purpose, “Government Obligations” include direct obligations of the government of the United States or obligations guaranteed by the government of the United States. (Original Mortgage, Sec. 106)

The Mortgage Trustee may, and upon request of Avista shall, cancel and discharge the lien of the Mortgage and reconvey the Mortgaged Property to Avista whenever all indebtedness secured thereby has been paid.

The right of Avista to cause its entire indebtedness in respect of the Mortgage Securities of any series to be deemed to be satisfied and discharged as described above will be subject to the satisfaction of conditions specified in the instrument creating such series.

Completed Defaults

Any of the following events will constitute a "Completed Default" under the Mortgage:

- failure to pay principal of, or premium, if any, on any Mortgage Security when due;
- failure to pay interest on any Mortgage Security within sixty (60) days after the same becomes due;
- failure to pay interest on, or principal of, any qualified prior lien bonds beyond any grace period specified in the prior lien securing such prior lien bond;
- failure to perform, or breach of, any other covenants of Avista for a period of 90 days after notice to us from the Mortgage Trustee; and
- certain events relating to bankruptcy, insolvency or reorganization of Avista. (Original Mortgage, Secs. 44 and 65; Forty-second Supplemental Indenture, Article II)

The Mortgage Trustee may withhold notice of default (except in payment of principal, interest or funds for retirement of Mortgage Securities) if it determines that it is in the interest of the Holders. (Original Mortgage, Sec. 135)

Remedies

Acceleration of Maturity

If a Completed Default occurs and is continuing, the Mortgage Trustee may, and upon written request of the Holders of a majority in principal amount of Mortgage Securities then outstanding shall, declare the principal of, and accrued interest on, all outstanding Mortgage Securities immediately due and payable; provided, however, that the Holders of a majority in principal amount of outstanding Mortgage Securities may annul such declaration if before any sale of the mortgaged property:

- all agreements with respect to which default shall have been made shall be fully performed or otherwise cured; and
- all overdue interest and all reasonable expenses of the Mortgage Trustee, its agents and attorneys shall have been paid by Avista, except for the principal of any Mortgage Securities that would not have been due except for such acceleration. (Original Mortgage, Sec. 65; First Supplemental Indenture, Article XXV)

Possession of Mortgaged Property

Under certain circumstances and to the extent permitted by law, if a Completed Default occurs and is continuing, the Mortgage Trustee has the power to take possession of, and to hold, operate and manage, the mortgaged property, or with or without entry, sell the mortgaged property. If the mortgaged property is sold, whether by the Mortgage Trustee or pursuant to judicial proceedings, the principal of the outstanding Mortgage Securities, if not previously due, will become immediately due. (Original Mortgage, Secs. 66, 67 and 71)

Right to Direct Proceedings

If a Completed Default occurs and is continuing, the Holders of a majority in principal amount of the Mortgage Securities then outstanding will have the right to direct the time, method and place of conducting any proceedings to be taken for any sale of the mortgaged property, the foreclosure of the Mortgage, or for the appointment of a receiver or any other proceeding under the Mortgage, provided that such direction does not conflict with any rule of law or with the Mortgage. (Original Mortgage, Sec. 69)

No Impairment of Right to Receive Payment

Notwithstanding any other provision of the Mortgage, the right of any Holder to receive payment of the principal of and interest on such Mortgage Security, or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such Holder. (Original Mortgage, Sec. 148)

Notice of Default

No Holder may enforce the lien of the Mortgage unless such Holder shall have given the Mortgage Trustee written notice of a Completed Default and unless the Holders of 25% in principal amount of the Mortgage Securities have requested the Mortgage Trustee in writing to act and have offered the Mortgage Trustee adequate security and indemnity and a reasonable opportunity to act. (Original Mortgage, Sec. 79)

Remedies Limited by State Law

The laws of the various states in which the property subject to the lien of the Mortgage is located may limit or deny the ability of the Mortgage Trustee and/or the Holders to enforce certain rights and remedies provided in the Mortgage in accordance with their terms.

Consolidation, Merger, Sale of Assets and Other Transactions

Avista may consolidate with or merge into any corporation having the corporate authority to carry on Avista's business or convey, transfer or lease, subject to the lien of the Mortgage, all or substantially all of the mortgaged property as an entirety to any corporation lawfully entitled to acquire or lease or operate the same; provided, however, that (1) such transaction shall not impair the lien of the Mortgage or the rights of the Mortgage Trustee or the Holders under the Mortgage; (2) any such lease shall be subject to termination by the Mortgage Trustee during the continuance of a Completed Default; and (3) upon any such consolidation, merger or transfer, or any such lease that extends beyond the maturity of the Mortgage Securities then outstanding, the surviving corporation, transferee or lessee shall assume the covenants of Avista to pay the principal of and interest on the Mortgage Securities and perform all other covenants of Avista under the Mortgage. (Original Mortgage, Sec. 85)

Upon any consolidation, merger, conveyance or transfer described in the preceding paragraph, the Mortgage will not become a lien on any properties of the successor or transferee corporation except (1) those acquired by it from Avista and improvements, extensions and additions thereto and renewals and replacements thereof, (2) property made and used by it as the basis for the authentication and delivery of Mortgage Securities, the withdrawal of cash or the release of property and (3) property acquired or constructed by it to maintain, review or preserve the mortgaged property. (Original Mortgage, Sec. 87)

Nothing in the Mortgage prevents any consolidation or merger after which Avista would be the surviving or resulting corporation or any conveyance, transfer or lease of any part of the mortgaged property which does not constitute the entirety, or substantially the entirety, thereof. (Twenty-ninth Supplemental Indenture, Art. II, Sec. 3(e)(i))

If Avista shall enter into a transaction contemplated in the preceding paragraph, unless Avista, in its discretion, enters into a supplemental indenture that provides otherwise, the Mortgage will not become a lien on any of the properties acquired by Avista in or as a result of such transaction or any improvements, extensions or additions thereto or any renewals or replacements thereof. (Twenty-ninth Supplemental Indenture, Art. II, Sec. 3(e)(ii))

Modification

Modifications Without Consent

Avista and the Mortgage Trustee may enter into one or more supplemental indentures without the consent of any Holders for any of the following purposes:

- to evidence the succession of another corporation to Avista and the assumption by such successor of the covenants of Avista in the Mortgage and the Mortgage Securities;
- to add additional covenants of Avista and additional defaults, which may be applicable only to the Mortgage Securities of specified series;

- to correct the description of property subject to the lien of the Mortgage or to subject additional property to such lien;
- to change or eliminate any provision of the Mortgage or to add any new provision to the Mortgage; provided, that no such change, elimination or addition shall adversely affect the interests of the Holders in any material respect;
- to establish the form or terms of Mortgage Securities of any series;
- to provide for procedures to utilize a non-certificated system of registration for all or any series of Mortgage Securities;
- to change any place or places for payment, registration of transfer or exchange, or notices to and demands upon Avista, with respect to all or any series of Mortgage Securities;
- to increase or decrease the maximum principal amount of Mortgage Securities issuable under the Mortgage;
- to make any other changes which do not adversely affect interests of the Holders in any material respect; or
- to evidence any change required or permitted under the Trust Indenture Act.

(Original Mortgage, Sec. 120; Twenty-sixth Supplemental Indenture, Sec. 2; Twenty-ninth Supplemental Indenture, Article II)

Modification With Consent

In general, the Mortgage, the rights and obligations of Avista and the rights of the Holders may be modified with the consent of 60% in principal amount of the Mortgage Securities outstanding, and, if less than all series of Mortgage Securities are affected, the consent also of 60% in principal amount of the Mortgage Securities of each series affected. However, no modification of the terms of payment of principal or interest, and no modification affecting the lien or reducing the percentage required for modification, is effective against any Holder without its consent. (Original Mortgage, Art. XVIII, Sec. 149; First Supplemental, Sec. 10)

Concerning the Mortgage Trustee

The Mortgage Trustee has, and is subject to, all the duties and responsibilities specified with respect to an indenture trustee under the Trust Indenture Act. Subject to such provisions, the Mortgage Trustee is not under any obligation to take any action in respect of any default or otherwise, or toward the execution or enforcement of any of the trusts created by the Mortgage, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by the Holders of a majority in principal amount of the Mortgage Securities then outstanding. Anything in the Mortgage to the contrary notwithstanding, the Mortgage Trustee is under no obligation or duty to perform any act thereunder (other than the delivery of notices) or to institute or defend any suit in respect hereof, unless properly indemnified to its satisfaction. (Original Mortgage, Sec. 92)

The Mortgage Trustee may at any time resign and be discharged of the trusts created by the Mortgage by giving written notice to Avista and thereafter publishing notice thereof, specifying a date when such resignation shall take effect, as provided in the Mortgage, and such resignation shall take effect upon the day specified in such notice unless a successor trustee shall have previously been appointed by the Holders or Avista and in such event such resignation shall take effect immediately upon the appointment of such successor trustee. The Mortgage Trustee may be removed at any time by the Holders of a majority in principal amount of the Mortgage Securities then outstanding. (Original Mortgage, Secs. 100 and 101)

If Avista appoints a successor trustee and such successor trustee has accepted the appointment, the Mortgage Trustee will be deemed to have resigned as of the date of such successor trustee's acceptance. (Original Mortgage, Sec. 102)

Evidence of Compliance with Mortgage Provisions

Compliance with provisions of the Mortgage is evidenced by written statements of Avista's officers or persons selected or paid by Avista. In certain matters, statements must be made by an independent accountant or engineer. Various certificates and other papers are required to be filed annually and upon the happening of certain events, including an annual certificate with reference to compliance with the terms of the Mortgage and absence of Completed Defaults.

DESCRIPTION OF THE NOTES

Avista may issue the Notes in one or more series, or in one or more tranches within a series. The terms of the Notes will include those stated in the Indenture and those made part of the Indenture by the Trust Indenture Act. The following summary is not complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Indenture and the Trust Indenture Act. The Notes, together with all other debt securities outstanding under the Indenture, are hereinafter called, collectively, the "Indenture Securities". Avista has filed the Indenture, as well as a form of officer's certificate to establish a series of Notes, as exhibits to the registration statement of which this prospectus is a part. Capitalized terms used under this heading which are not otherwise defined in this prospectus have the meanings set forth in the Indenture. Wherever particular provisions of the Indenture or terms defined in the Indenture are referred to, those provisions or definitions are incorporated by reference as part of the statements made in this prospectus and those statements are qualified in their entirety by that reference. References to article and section numbers, unless otherwise indicated, are references to article and section numbers of the Indenture.

The applicable prospectus supplement or prospectus supplements will describe the following terms of the Notes of each series or tranche:

- the title of the Notes;
- any limit upon the aggregate principal amount of the Notes;
- the date or dates on which the principal of the Notes is payable or the method of determination thereof and the right, if any, to extend such date or dates;
- (a) the rate or rates at which the Notes will bear interest, if any, or the method by which such rate or rates, if any, will be determined, (b) the date or dates from which any such interest will accrue, (c) the interest payment dates on which any such interest will be payable, (d) the right, if any, of Avista to defer or extend an interest payment date, (e) the regular record date for any interest payable on any interest payment date and (f) the person or persons to whom interest on the Notes will be payable on any interest payment date, if other than the person or persons in whose names the Notes are registered at the close of business on the regular record date for such interest;
- any period or periods within which, or date or dates on which, the price or prices at which and the terms and conditions upon which the Notes may be redeemed, in whole or in part, at the option of Avista;
- (a) the obligation or obligations, if any, of Avista to redeem or purchase any of the Notes pursuant to any sinking fund or other mandatory redemption provisions or at the option of the Holder, (b) the period or periods within which, or date or dates on which, the price or prices at which and the terms and conditions upon which the Notes will be redeemed or purchased, in whole or in part, pursuant to such obligation, and (c) applicable exceptions to the requirements of a notice of redemption in the case of mandatory redemption or redemption at the option of the Holder;

- the denominations in which any of the Notes will be issuable if other than denominations of $1,000 and any integral multiple of $1,000;
- if the Notes are to be issued in global form, the identity of the depositary;
- the terms, if any, upon which the Notes may be converted into other securities of Avista; and
- any other terms of the Notes.

Payment and Paying Agents

Except as may be provided in the applicable prospectus supplement, Avista will pay interest, if any, on each Note on each interest payment date to the person in whose name such Note is registered (for the purposes of this section of the prospectus, the registered holder of any Indenture Security is herein referred to as a "Holder") as of the close of business on the regular record date relating to such interest payment date; provided, however, that Avista will pay interest at maturity (whether at stated maturity, upon redemption or otherwise, "Maturity") to the person to whom principal is paid. However, if there has been a default in the payment of interest on any Note, such defaulted interest may be payable to the Holder of such Note as of the close of business on a date selected by the Indenture Trustee which is not more than 30 days and not less than 10 days before the date proposed by Avista for payment of such defaulted interest or in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Note may be listed, if the Indenture Trustee deems such manner of payment practicable. (Indenture, Sec. 307)

Unless otherwise specified in the applicable prospectus supplement, Avista will pay the principal of and premium, if any, and interest, if any, on the Notes at Maturity upon presentation of the Notes at the corporate trust office of The Bank of New York in New York, New York, as paying agent for Avista. Avista may change the place of payment of the Notes, may appoint one or more additional paying agents (including Avista) and may remove any paying agent, all at its discretion. (Indenture, Sec. 502)

Registration; Registration of Transfer

The Notes will be issued only in fully registered form. The registered Holder of a Note will be treated as the owner of the Note for all purposes under the Indenture. Only registered Holders will have rights under the Indenture. (Indenture, Sec. 308)

Unless otherwise specified in the applicable prospectus supplement, Holders may register the transfer of Notes, and may exchange Notes for other Notes of the same series and tranche, of authorized denominations and having the same terms and aggregate principal amount, at the corporate trust office of The Bank of New York in New York, New York, as security registrar for the Notes. Avista may change the place for registration of transfer and exchange of the Notes, may appoint one or more additional security registrars (including Avista) and may remove any security registrar, all at its discretion. (Indenture, Sec. 502)

Except as otherwise provided in the applicable prospectus supplement, no service charge will be made for any transfer or exchange of the Notes, but Avista may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of the Notes. Avista will not be required to execute or to provide for the registration of transfer or the exchange of (a) any Note during a period of 15 days before giving any notice of redemption or (b) any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part. (Indenture, Sec. 305)

Redemption

The applicable prospectus supplement will set forth any terms for the optional or mandatory redemption of Notes. Except as otherwise provided in the applicable prospectus supplement with respect to Notes redeemable at the option of the Holder, Notes will be redeemable by Avista only upon notice by mail not less than 30 nor more

than 60 days before the date fixed for redemption. If less than all the Notes of a series, or any tranche thereof, are to be redeemed by Avista, the particular Notes to be redeemed will be selected by such method as shall be provided for such series or tranche, or in the absence of any such provision, by such method of random selection as the Security Registrar deems fair and appropriate. (Indenture, Secs. 403 and 404)

Any notice of redemption at the option of Avista may state that such redemption will be conditional upon receipt by the paying agent or agents, on or before the date fixed for such redemption, of money sufficient to pay the principal of and premium, if any, and interest, if any, on such Notes and that if such money has not been so received, such notice will be of no force or effect and Avista will not be required to redeem such Notes. (Indenture, Sec. 404)

Unsecured Obligations; Structural Subordination

The Indenture is not a mortgage or other lien on assets of Avista or its subsidiaries. In addition to the Notes, other debt securities may be issued under the Indenture, without any limit on the aggregate principal amount. Each series of Indenture Securities will be unsecured and will rank pari passu with all other series of Indenture Securities, except as otherwise provided in the Indenture, and with all other unsecured and unsubordinated indebtedness of Avista. Except as otherwise described in the applicable prospectus supplement, the Indenture does not limit the incurrence or issuance by Avista of other secured or unsecured debt, whether under the Indenture, under any other indenture that Avista may enter into in the future or otherwise.

Although its utility operations are conducted directly by Avista, all of the other operations of Avista are conducted through its subsidiaries. Any right of Avista, as a shareholder, to receive assets of any of its direct or indirect subsidiaries upon the subsidiary's liquidation or reorganization (and the right of the Holders and other creditors of Avista to participate in those assets) is junior to the claims against such assets of that subsidiary's creditors. As a result, the obligations of Avista to the Holders and other creditors are effectively subordinated in right of payment to all indebtedness and other liabilities and commitments (including trade payables and lease obligations) of Avista's direct and indirect subsidiaries.

Satisfaction and Discharge

Any Indenture Securities, or any portion of the principal amount thereof, will be deemed to have been paid for purposes of the Indenture and, at Avista's election, the entire indebtedness of Avista in respect thereof will be deemed to have been satisfied and discharged, if there shall have been irrevocably deposited in trust with the Indenture Trustee or any paying agent (other than Avista):

- money in an amount which will be sufficient, or
- in the case of a deposit made before the maturity of such Indenture Securities, Eligible Obligations (as defined below), which do not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide moneys which, together with the money, if any, deposited with or held by the Indenture Trustee or such Paying Agent, will be sufficient, or
- a combination of money and Eligible Obligations which will be sufficient,

to pay when due the principal of and premium, if any, and interest, if any, due and to become due on such Indenture Securities. For this purpose, "Eligible Obligations" include direct obligations of, or obligations unconditionally guaranteed by, the United States, entitled to the benefit of the full faith and credit thereof and certificates, depositary receipts or other instruments which evidence a direct ownership interest in such obligations or in any specific interest or principal payments due in respect thereof and such other obligations or instruments as shall be specified in an accompanying prospectus supplement. (Indenture, Sec. 601)

The right of Avista to cause its entire indebtedness in respect of the Indenture Securities of any series to be deemed to be satisfied and discharged as described above will be subject to the satisfaction of conditions specified in the instrument creating such series.

The Indenture will be deemed to have been satisfied and discharged when no Indenture Securities remain outstanding thereunder and Avista has paid or caused to be paid all other sums payable by Avista under the Indenture. (Indenture, Sec. 602)

Events of Default

Any one or more of the following events with respect to a series of Indenture Securities that has occurred and is continuing will constitute an "Event of Default" with respect to such series of Indenture Securities:

- failure to pay interest on any Indenture Security of such series within 60 days after the same becomes due and payable; provided, however, that no such failure shall constitute an Event of Default if Avista has made a valid extension of the interest payment period with respect to the Indenture Securities of such series if so provided with respect to such series;
- failure to pay the principal of or premium, if any, on any Indenture Security of such series within 3 business days after its Maturity; provided, however, that no such failure will constitute an Event of Default if Avista has made a valid extension of the Maturity of the Indenture Securities of such series, if so provided with respect to such series;
- failure to perform, or breach of, any covenant or warranty of Avista contained in the Indenture for 90 days after written notice to Avista from the Indenture Trustee or to Avista and the Indenture Trustee by the Holders of at least 25% in principal amount of the outstanding Indenture Securities of such series as provided in the Indenture unless the Indenture Trustee, or the Indenture Trustee and the Holders of a principal amount of Indenture Securities of such series not less than the principal amount of Indenture Securities the Holders of which gave such notice, as the case may be, agree in writing to an extension of such period before its expiration; provided, however, that the Indenture Trustee, or the Indenture Trustee and the Holders of such principal amount of Indenture Securities of such series, as the case may be, will be deemed to have agreed to an extension of such period if corrective action is initiated by Avista within such period and is being diligently pursued;
- default under any bond, debenture, note or other evidence of indebtedness of Avista for borrowed money (including Indenture Securities of other series) or under any mortgage, indenture, or other instrument to evidence any indebtedness of Avista for borrowed money, which default (1) constitutes a failure to make any payment in excess of $5,000,000 of the principal of, or interest on, such indebtedness or (2) has resulted in such indebtedness in an amount in excess of $10,000,000 becoming or being declared due and payable prior to the date it would otherwise have become due and payable, without such payment having been made, such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within a period of 90 days after written notice to Avista by the Indenture Trustee or to Avista and the Indenture Trustee by the Holders of at least 25% in principal amount of the outstanding Securities of such series as provided in the Indenture; or
- certain events in bankruptcy, insolvency or reorganization of Avista (Indenture, Sec. 701).

Remedies

Acceleration of Maturity

If an Event of Default applicable to the Indenture Securities of any series occurs and is continuing, then either the Indenture Trustee or the Holders of not less than 33% in aggregate principal amount of the outstanding Indenture Securities of such series may declare the principal amount (or, if any of the outstanding Indenture Securities of such series are Discount Securities, such portion of the principal amount thereof as may be specified

in the terms thereof) of all of the outstanding Indenture Securities of such series to be due and payable immediately by written notice to Avista (and to the Indenture Trustee if given by the Holders); provided, however, that if an Event of Default occurs and is continuing with respect to more than one series of Indenture Securities, the Indenture Trustee or the Holders of not less than 33% in aggregate principal amount of the outstanding Indenture Securities of all such series, considered as one class, may make such declaration of acceleration and not the Holders of any one such series.

At any time after such a declaration of acceleration with respect to the Indenture Securities of any series has been made, but before a judgment or decree for payment of the money due has been obtained, such declaration and its consequences will, without further act, be deemed to have been rescinded and annulled, if:

- Avista has paid or deposited with the Indenture Trustee a sum sufficient to pay:
  - all overdue interest, if any, on all Indenture Securities of such series;
  - the principal of and premium, if any, on any Indenture Securities of such series which have become due otherwise than by such declaration of acceleration and interest, if any, thereon at the rate or rates prescribed therefor in such Indenture Securities;
  - interest, if any, upon overdue interest, if any, at the rate or rates prescribed therefor in such Indenture Securities, to the extent that payment of such interest is lawful; and
  - all amounts due to the Indenture Trustee under the Indenture in respect of compensation and reimbursement of expenses; and
  - all Events of Default with respect to Indenture Securities of such series, other than the non-payment of the principal of the Indenture Securities of such series which has become due solely by such declaration of acceleration, have been cured or waived as provided in the Indenture. (Indenture, Sec. 702)

Right to Direct Proceedings

If an Event of Default with respect to the Indenture Securities of any series occurs and is continuing, the Holders of a majority in principal amount of the outstanding Indenture Securities of such series will have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Indenture Trustee in exercising any trust or power conferred on the Indenture Trustee; provided, however, that if an Event of Default occurs and is continuing with respect to more than one series of Indenture Securities, the Holders of a majority in aggregate principal amount of the outstanding Indenture Securities of all such series, considered as one class, will have the right to make such direction, and not the Holders of any one of such series; and provided, further, that (a) such direction does not conflict with any rule of law or with the Indenture, and could not involve the Indenture Trustee in personal liability in circumstances where indemnity would not, in the Indenture Trustee's sole discretion, be adequate and (b) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee which is not inconsistent with such direction. (Indenture, Sec. 712)

Limitation on Right to Institute Proceedings

No Holder will have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture or for the appointment of a receiver or for any other remedy thereunder unless:

- such Holder has previously given to the Indenture Trustee written notice of a continuing Event of Default with respect to the Indenture Securities of any one or more series;
- the Holders of a majority in aggregate principal amount of the outstanding Indenture Securities of all series in respect of which such Event of Default has occurred, considered as one class, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default and have offered the Indenture Trustee reasonable indemnity against costs and liabilities to be incurred in complying with such request; and

- for 60 days after receipt of such notice, the Indenture Trustee has failed to institute any such proceeding and no direction inconsistent with such request has been given to the Indenture Trustee during such 60 day period by the Holders of a majority in aggregate principal amount of Indenture Securities then outstanding.

Furthermore, no Holder of any series of Indenture Securities will be entitled to institute any such action if and to the extent that such action would disturb or prejudice the rights of other Holders of such series. (Indenture, Sec. 707)

No Impairment of Right to Receive Payment

Notwithstanding that the right of a Holder to institute a proceeding with respect to the Indenture is subject to certain conditions precedent, each Holder will have the right, which is absolute and unconditional, to receive payment of the principal of and premium, if any, and interest, if any, on such Indenture Security when due and to institute suit for the enforcement of any such payment. Such rights may not be impaired or affected without the consent of such Holder. (Indenture, Sec. 708)

Notice of Default

The Indenture Trustee is required to give the Holders notice of any default under the Indenture to the extent required by the Trust Indenture Act, unless such default shall have been cured or waived, except that no such notice to Holders of a default of the character described in the third bulleted paragraph under "— Events of Default" may be given until at least 75 days after the occurrence thereof. For purposes of the preceding sentence, the term "default" means any event which is, or after notice or lapse of time, or both, would become, an Event of Default. The Trust Indenture Act currently permits the Indenture Trustee to withhold notices of default (except for certain payment defaults) if the Indenture Trustee in good faith determines the withholding of such notice to be in the interests of the Holders. (Indenture, Sec. 802)

Consolidation, Merger, Sale of Assets and Other Transactions

Avista may not consolidate with or merge into any other Person, or convey or otherwise transfer, or lease, all of its properties, as or substantially as an entirety, to any Person, unless:

- the Person formed by such consolidation or into which Avista is merged or the Person which acquires by conveyance or other transfer, or which leases (for a term extending beyond the last Stated Maturity of the Indenture Securities then outstanding), all of the properties of Avista, as or substantially as an entirety, shall be a Person organized and existing under the laws of the United States, any State or Territory thereof or the District of Columbia or under the laws of Canada or any Province thereof; and
- such Person shall expressly assume the due and punctual payment of the principal of and premium, if any, and interest, if any, on all the Indenture Securities then outstanding and the performance and observance of every covenant and condition of the Indenture to be performed or observed by Avista.

In the case of the conveyance or other transfer of all of the properties of Avista, as or substantially as an entirety, to any person as contemplated above, Avista would be released and discharged from all obligations under the Indenture and on all Indenture Securities then outstanding unless Avista elects to waive such release and discharge. Upon any such consolidation or merger or any such conveyance or other transfer of properties of Avista, the successor, transferee or lessee would succeed to, and be substituted for, and would be entitled to exercise every power and right of, Avista under the Indenture. (Indenture, Secs. 1001, 1002 and 1003)

For purposes of the Indenture, the conveyance, transfer or lease by Avista of all of its facilities (a) for the generation of electric energy, (b) for the transmission of electric energy, (c) for the distribution of electric energy and/or natural gas, in each case considered alone, (d) all of its facilities described in clauses (a) and (b),

considered together, or (e) all of its facilities described in clauses (b) and (c), considered together, will in no event be deemed to constitute a conveyance or other transfer of all the properties of Avista, as or substantially as an entirety, unless, immediately following such conveyance, transfer or lease, Avista owns no unleased properties in the other such categories of property not so conveyed or otherwise transferred or leased.

The Indenture will not prevent or restrict:

- any consolidation or merger after the consummation of which Avista would be the surviving or resulting entity; or
- any conveyance or other transfer, or lease, of any part of the properties of Avista which does not constitute the entirety, or substantially the entirety, thereof. (Indenture, Sec. 1004)

If Avista conveys or otherwise transfers any part of its properties which does not constitute the entirety, or substantially the entirety, thereof to another Person meeting the requirements set forth in the first paragraph under this heading, and if:

- such transferee expressly assumes the due and punctual payment of the principal of and premium, if any, and interest, if any, on all Indenture Securities then outstanding and the performance and observance of every covenant and condition of the Indenture to be performed or observed by Avista; and
- there is delivered to the Indenture Trustee an independent expert's certificate (i) describing the property so conveyed or transferred and identifying the same as facilities for the generation, transmission or distribution of electric energy or for the storage, transportation or distribution of natural gas and (ii) stating that the aggregate principal amount of the Indenture Securities then outstanding does not exceed 70% of the fair value of such property,

then Avista would be released and discharged from all obligations and covenants under the Indenture and on all Indenture Securities then outstanding unless Avista elects to waive such release and discharge. In such event, the transferee would succeed to, and be substituted for, and would be entitled to exercise every right and power of, Avista under the Indenture. (Indenture, Sec. 1005)

Modification of Indenture

Modifications Without Consent

Avista and the Indenture Trustee may enter into one or more supplemental indentures, without the consent of any Holders, for any of the following purposes:

- to evidence the succession of another Person to Avista and the assumption by any such successor of the covenants of Avista in the Indenture and in the Indenture Securities;
- to add one or more covenants of Avista or other provisions for the benefit of all Holders or for the benefit of the Holders of, or to remain in effect only so long as there shall be outstanding, Indenture Securities of one or more specified series, or one or more tranches thereof, or to surrender any right or power conferred upon Avista by the Indenture;
- to change or eliminate any provisions of the Indenture or to add any new provisions to the Indenture, provided that if such change, elimination or addition adversely affects the interests of the Holders of the Indenture Securities of any series or tranche in any material respect, such change, elimination or addition will become effective with respect to such series or tranche only when no Indenture Security of such series or tranche remains outstanding;
- to provide collateral security for the Indenture Securities or any series thereof;
- to establish the form or terms of the Indenture Securities of any series or tranche as permitted by the Indenture;

- to provide for the authentication and delivery of bearer securities and coupons appertaining thereto representing interest, if any, thereon and for the procedures for the registration, exchange and replacement thereof and for the giving of notice to, and the solicitation of the vote or consent of, the Holders thereof, and for any and all other matters incidental thereto;
- to evidence and provide for the acceptance of appointment by a successor trustee with respect to the Indenture Securities of one or more series;
- to provide for the procedures required to permit the utilization of a non-certificated system of registration for all, or any series or tranche of, the Indenture Securities; or
- to change any place or places where (a) the principal of and premium, if any, and interest, if any, on all or any series of Indenture Securities, or any tranche thereof, will be payable, (b) all or any series of Indenture Securities, or any tranche thereof, may be surrendered for registration of transfer, (c) all or any series of Indenture Securities, or any tranche thereof, may be surrendered for exchange and (d) notices and demands to or upon Avista in respect of all or any series of Indenture Securities, or any tranche thereof, and the Indenture may be served; or
- to cure any ambiguity, to correct or supplement any provision therein which may be defective or inconsistent with any other provision therein, to make any other changes to the provisions thereof or to add any other provisions with respect to matters and questions arising under the Indenture, so long as such other changes or additions do not adversely affect the interests of the Holders of any series or tranche in any material respect.

Without limiting the generality of the foregoing, if the Trust Indenture Act is amended after the date of the Original Indenture in such a way as to require changes to the Indenture or the incorporation therein of additional provisions or so as to permit changes to, or the elimination of, provisions which, at the date of the Original Indenture or at any time thereafter, were required by the Trust Indenture Act to be contained in the Indenture, the Indenture will be deemed to have been amended so as to conform to such amendment or to effect such changes or elimination, and Avista and the Indenture Trustee may, without the consent of any Holders, enter into one or more supplemental indentures to evidence or effect such amendment. (Indenture, Sec. 1101)

Modifications Requiring Consent

Except as provided above, the consent of the Holders of a majority in aggregate principal amount of the Indenture Securities of all series then outstanding, considered as one class is required for the purpose of adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the Indenture pursuant to one or more supplemental indentures; provided, however, that if less than all of the series of Indenture Securities outstanding are directly affected by a proposed supplemental indenture, then the consent only of the Holders of a majority in aggregate principal amount of outstanding Indenture Securities of all series so directly affected, considered as one class, will be required; and provided, further, that if the Indenture Securities of any series have been issued in more than one tranche and if the proposed supplemental indenture directly affects the rights of the Holders of one or more, but less than all, of such tranches, then the consent only of the Holders of a majority in aggregate principal amount of the outstanding Indenture Securities of all tranches so directly affected, considered as one class, will be required; and provided, further, that no such amendment or modification may:

- change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Indenture Security other than pursuant to the terms thereof, or reduce the principal amount thereof or the rate of interest thereon (or the amount of any installment of interest thereon) or change the method of calculating such rate or reduce any premium payable upon the redemption thereof, or reduce the amount of the principal of any Discount Security that would be due and payable upon a declaration of acceleration of Maturity or change the coin or currency (or other property) in which any Indenture Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity of any Indenture Security (or, in the case of redemption, on or after the redemption date) without, in any such case, the consent of the Holder of such Indenture Security;

- reduce the percentage in principal amount of the outstanding Indenture Securities of any series, or any tranche thereof, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with any provision of the Indenture or of any default thereunder and its consequences;
- reduce the requirements for quorum or voting, without, in any such case, the consent of the Holder of each outstanding Indenture Security of such series or tranche; or
- modify certain of the provisions of the Indenture relating to supplemental indentures, waivers of certain covenants and waivers of past defaults with respect to the Indenture Securities of any series, or any tranche thereof, without the consent of the Holder of each outstanding Indenture Security of such series or tranche.

A supplemental indenture which changes or eliminates any covenant or other provision of the Indenture which has expressly been included solely for the benefit of the Holders of, or which is to remain in effect only so long as there shall be outstanding, Indenture Securities of one or more specified series, or one or more tranches thereof, or modifies the rights of the Holders of such series or tranche with respect to such covenant or other provision, will be deemed not to affect the rights under the Indenture of the Holders of any other series or tranche.

If the supplemental indenture or other document establishing any series or tranche of Indenture Securities so provides, and as specified in the applicable prospectus supplement and/or pricing supplement, the Holders of such Indenture Securities will be deemed to have consented, by virtue of their purchase of such Indenture Securities, to a supplemental indenture containing the additions, changes or eliminations to or from the Indenture which are specified in such supplemental indenture or other document. No Act of such Holders will be required to evidence such consent and such consent may be counted in the determination of whether the Holders of the requested principal amount of Indenture Securities have consented to such supplemental indenture. (Indenture, Sec. 1102)

Duties of the Indenture Trustee; Resignation; Removal

The Indenture Trustee has, and is subject to, all the duties and responsibilities specified with respect to an indenture trustee under the Trust Indenture Act. Subject to such provisions, the Indenture Trustee will be under no obligation to exercise any of the powers vested in it by the Indenture at the request of any Holder, unless such Holder offers it reasonable indemnity against the costs, expenses and liabilities which might be incurred thereby. The Indenture Trustee will not be required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if the Indenture Trustee reasonably believes that repayment or adequate indemnity is not reasonably assured to it. (Indenture, Secs. 801 and 803)

The Indenture Trustee may resign at any time with respect to the Indenture Securities of one or more series by giving written notice thereof to Avista or may be removed at any time with respect to the Indenture Securities of one or more series by Act of the Holders of a majority in principal amount of the outstanding Indenture Securities of such series delivered to the Indenture Trustee and Avista. No resignation or removal of the Indenture Trustee and no appointment of a successor trustee will become effective until the acceptance of appointment by a successor trustee in accordance with the requirements of the Indenture. So long as no Event of Default or event which, after notice or lapse of time, or both, would become an Event of Default has occurred and is continuing, if Avista has delivered to the Indenture Trustee with respect to one or more series a resolution of its Board of Directors appointing a successor trustee with respect to that or those series and such successor has accepted such appointment in accordance with the terms of the Indenture, the Indenture Trustee with respect to that or those series will be deemed to have resigned and the successor will be deemed to have been appointed as trustee in accordance with the Indenture. (Indenture, Sec. 810)

Evidence of Compliance

Compliance with the Indenture provisions is evidenced by written statements of Avista officers or persons selected or paid by Avista. In certain cases, Avista must furnish opinions of counsel and certifications of an engineer, appraiser or other expert (who in some cases must be independent). In addition, the Indenture requires that Avista give the Indenture Trustee, not less than annually, a brief statement as to Avista's compliance with the conditions and covenants under the Indenture.

Governing Law

The Indenture and the Indenture Securities are governed by and construed in accordance with the laws of the State of New York, except to the extent that the Trust Indenture Act is applicable.

DESCRIPTION OF PREFERRED STOCK

General

The authorized capital stock of Avista Corporation, as set forth in the Articles, consists of 10,000,000 shares of Preferred Stock, cumulative, without nominal or par value, which is issuable in series, and 200,000,000 shares of Common Stock, without nominal or par value. Following is a brief description of certain of the rights and privileges of the Preferred Stock.

Avista may issue shares of New Preferred Stock in one or more additional series. The terms of the New Preferred Stock will include those stated in the Articles and the Bylaws and those made applicable thereto by the Washington BCA. The following summary is not complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Articles, the Bylaws and the Washington BCA. Avista has filed the Articles, as well as a form of amendment thereto to establish a series of New Preferred Stock, and the Bylaws as exhibits to the registration statement of which this prospectus is a part. Whenever particular provisions of the Articles or the Bylaws are referred to, those provisions are incorporated by reference as part of the statements made in this prospectus and those statements are qualified in their entirety by that reference.

The Articles provide that the Preferred Stock may be divided into and issued from time to time in one or more series. All shares of Preferred Stock constitute one and the same class of stock, are of equal rank and will otherwise be identical except as to the designation thereof, the date or dates from which dividends on shares thereof will be cumulative, and except that each series may vary as to, and the applicable prospectus supplement will describe:

- the rate or rates of dividends, if any, which may be expressed in terms of a formula or other method by which such rate or rates will be calculated from time to time, and the date or dates on which dividends may be payable,
- whether shares may be redeemed and, if so, the redemption price and terms and conditions of redemption,
- the amount payable on voluntary and involuntary liquidation,
- sinking fund provisions, if any, for the redemption or purchase of shares, and
- the terms and conditions, if any, on which shares may be converted.

When Preferred Stock of a new series is to be issued, the number of shares constituting such series, its distinguishing serial designation and its particular characteristics (insofar as there may be variations between series) may be fixed by resolution of the Board of Directors.

Dividend Rights

The New Preferred Stock of each series will be entitled, on a parity with each other series of Preferred Stock and in preference to the Common Stock, to receive, but only when and as declared by the Board of Directors, dividends at the rate determined for such series and set forth in the applicable prospectus supplement. Such dividends will be cumulative from the date of issuance of the New Preferred Stock and will be payable on the fifteenth day of March, June, September and December in each year, except as otherwise provided in the applicable prospectus supplement.

Liquidation Rights

The New Preferred Stock of each series will be entitled, upon dissolution or liquidation, on a parity with each other series of Preferred Stock and in preference to the Common Stock, to a liquidation preference per share determined for such series plus an amount equivalent to accrued and unpaid dividends thereon, if any, to the date of such event. The liquidation preference of each series of New Preferred Stock will be set forth in the applicable prospectus supplement.

Voting Rights

Except for those purposes for which the right to vote is expressly conferred by the Articles or the Washington BCA, the holders of Preferred Stock have no power to vote.

Under the Articles, whenever and as often as, at any date, dividends payable on any shares of Preferred Stock (including any New Preferred Stock) shall be in arrears in an amount equal to the aggregate amount of dividends accumulated on such shares over the eighteen (18) month period ended on such date, the holders of the Preferred Stock, voting separately and as a single class, are entitled to elect a majority of the Board of Directors, and the holders of the Common Stock, voting separately and as a single class, shall be entitled to elect the remaining directors. Such voting rights of the holders of the Preferred Stock cease when all defaults in the payment of dividends on the Preferred Stock of any and all series have been cured. See “Description of Common Stock – Voting Rights” for additional information with respect to the election of directors.

In addition, under the Articles the affirmative vote of the holders of at least a majority of the shares of the Preferred Stock is required:

(a) for the adoption of any amendment of the Articles which would (i) create or authorize any new class of stock ranking prior to or on a parity with the Preferred Stock as to dividends or upon dissolution, liquidation or winding up, (ii) increase the authorized number of shares of the Preferred Stock, or (iii) change any of the rights or preferences of the Preferred Stock at the time outstanding, provided that if any such change would affect the holders of less than the Preferred Stock of all series then outstanding, only the affirmative vote of the holders of at least a majority of the shares of all series so affected is required; and

(b) for the issuance of Preferred Stock, or of any other class of stock ranking prior to or on a parity with such Preferred Stock as to dividends or upon dissolution, liquidation or winding up, unless the net income of Avista available for the payment of dividends for a period of 12 consecutive calendar months within the 15 calendar months immediately preceding the issuance of such shares is at least equal to one and one-half times the annual dividend requirements on shares of Preferred Stock and on all shares of all other classes of stock ranking prior to or on a parity with the Preferred Stock as to dividends or upon dissolution, liquidation or winding up, which will be outstanding immediately after the issuance of such shares, including the shares proposed to be issued; provided, however, that if the shares of Preferred Stock or any such prior or parity stock shall have a variable dividend rate, the annual dividend requirement of such shares shall be determined by reference to the weighted average dividend rate on such shares during the 12-month period for which the net income of Avista available

for the payment of dividends shall have been determined; and provided, further, that if the shares of the series to be issued are to have a variable dividend rate, the annual dividend requirement on such shares shall be determined by reference to the initial dividend rate upon the issuance of such shares.

Under the Washington BCA, the approval of the holders of a majority of the outstanding shares of Preferred Stock is required in connection with certain changes in the capital structure of Avista or in certain rights and preferences of the Preferred Stock, including certain of the changes described in (a) above. In addition, the Washington BCA requires the approval of certain mergers, share exchanges and other major corporate transactions by the holders of two-thirds of the outstanding Preferred Stock.

Pre-emptive Rights

No holder of Preferred Stock has any pre-emptive rights.

Miscellaneous

The Articles contain no restriction on the redemption or repurchase by Avista of shares of Preferred Stock while there is any arrearage in the payment of dividends on, or sinking fund payments in respect of, the Preferred Stock.

Upon issuance as contemplated by this prospectus and the applicable prospectus supplement, the New Preferred Stock will be fully paid and nonassessable. The holders of the New Preferred Stock will not be subject to liability for further calls or assessment by, or for liabilities of, Avista.

DESCRIPTION OF COMMON STOCK

General

The authorized capital stock of Avista, as set forth in the Articles, consists of 10,000,000 shares of Preferred Stock, cumulative, without nominal or par value, which is issuable in series, and 200,000,000 shares of Common Stock without nominal or par value. Following is a brief description of certain of the rights and privileges of the Common Stock.

Avista may issue additional shares of its Common Stock from time to time. The terms of the Common Stock include those stated in the Articles and the Bylaws and those made applicable thereto by the Washington BCA. The following summary is not complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Articles, the Bylaws and the Washington BCA. Avista has filed the Articles and the Bylaws as exhibits to the registration statement of which this prospectus forms a part. Whenever particular provisions of the Articles or the Bylaws are referred to, those provisions are incorporated as part of the statements made in this prospectus and those statements are qualified in their entirety by that reference.

Dividend Rights

After full provision for all Preferred Stock dividends declared or in arrears, the holders of Common Stock are entitled to receive such dividends as may be lawfully declared from time to time by Avista's Board of Directors.

Voting Rights

The holders of the Common Stock have sole voting power, except as indicated below or as otherwise provided by law. Each holder of Common Stock is entitled to one vote per share.

In an uncontested election of directors, each vote may be cast “for” or “against” one or more candidates, or a shareholder may “abstain” with respect to one or more candidates. A candidate is elected to the Board of Directors only if the number of votes “for” such candidate exceeds the number of votes “against” such candidate. Shares otherwise present at the meeting but for which there is an “abstention” or as to which no authority or direction is given or specified with respect to a candidate are not counted as votes “for” or “against”. If an incumbent director does not receive a majority of votes cast, he or she would continue to serve a term that would terminate on the date that is the earliest of (a) the date of the commencement of the term of a new director selected by the Board to fill the office held by such director, (b) the effective date of the resignation of such director and (c) the later of (i) the last day of the sixth calendar month commencing after the election and (ii) December 31 of the calendar year in which the election occurred. In a contested election — that is, an election in which the number of candidates exceeds the total number of directors to be elected — shareholders would be allowed to vote “for” one or more candidates (not to exceed the number of directors to be elected) or “withhold” votes with respect to one or more candidates. The candidates elected would be those receiving the largest number of votes (up to the number of directors to be elected). Shareholders are not allowed to cumulate their votes in any election of directors (whether or not contested).

The approval of the holders of the majority of the outstanding shares of Common Stock is required to create a new class of stock, including, for example, preference stock or any other class of stock senior to the Common Stock. In addition, in any circumstance in which Washington law would require the approval of shareholders to authorize (1) the merger of the Company with or into another entity or a statutory share exchange with another entity, (2) a sale, lease, exchange or other disposition of property of the Company or (3) the dissolution of the Company, the requisite shareholder approval (in addition to any required approval by the holders of Preferred Stock) shall be the affirmative vote of the holders of a majority of the outstanding shares of Common Stock, unless Washington law shall require a higher standard.

Under the Articles, whenever and as often as, at any date, dividends payable on any shares of Preferred Stock (including any New Preferred Stock) shall be in arrears in an amount equal to the aggregate amount of dividends accumulated on such shares of Preferred Stock over the eighteen (18) month period ended on such date, the holders of the Preferred Stock, voting separately and as a single class, are entitled to elect a majority of the Board of Directors, and the holders of the Common Stock, voting separately and as a single class, will be entitled to elect the remaining directors. Such voting rights of the holders of the Preferred Stock cease when all defaults in the payment of dividends on the Preferred Stock have been cured.

In addition, the consent of various proportions of the Preferred Stock at the time outstanding is required to adopt any amendment to the Articles which would authorize any new class of stock ranking prior to or on a parity with the Preferred Stock as to certain matters, to increase the authorized number of shares of the Preferred Stock, to change any of the rights or preferences of outstanding Preferred Stock or to issue additional shares of Preferred Stock unless an earnings test is satisfied.

Under the Washington BCA, the approval of the holders of a majority of the outstanding shares of Preferred Stock is required in connection with certain changes in the capital structure of Avista or in certain rights and preferences of the Preferred Stock, including certain of the changes referred to in the preceding paragraph. In addition, the Washington BCA requires approval of certain mergers, share exchanges and other major corporate transactions by the holders of two-thirds of the outstanding Preferred Stock.

Board of Directors

The Articles provide that the number of directors of the Company will be that number, not to exceed eleven, as the Board of Directors specifies from time to time in the Bylaws, subject to the rights of holders of the Preferred Stock to elect directors in certain circumstances. Both the Articles and the Bylaws provide that all directors will be elected at each annual meeting for a term that will expire at the next succeeding annual meeting.

Vacancies occurring in the Board of Directors may be filled by the Board. Directors may be removed only for cause and only if the number of votes cast by holders of Common Stock for the removal of a director exceeds the number of votes cast against such removal.

The Articles and the Bylaws further require an affirmative vote of the holders of at least 80% of the outstanding shares of Common Stock to alter, amend or repeal the provisions relating to the Board of Directors and the filling of vacancies on, and the removal of members from, the Board of Directors.

"Fair Price" Provision

The Articles contain a "fair price" provision which requires the affirmative vote of the holders of at least 80% of the outstanding shares of Common Stock for the consummation of certain business combinations, including mergers, consolidations, recapitalizations, certain dispositions of assets, certain issuances of securities, liquidations and dissolutions involving Avista and a person or entity who is or, under certain circumstances, was, a beneficial owner of 10% or more of the outstanding shares of Common Stock (an "Interested Shareholder") unless

- such business combination has been approved by a majority of the directors unaffiliated with the Interested Shareholder, or
- certain minimum price and procedural requirements are met. The Articles provide that the "fair price" provision may be altered, amended or repealed only by the affirmative vote of the holders of at least 80% of the outstanding shares of Common Stock.

Statutory Limitation on "Significant Business Transactions"

General

The Washington BCA contains provisions that limit our ability to engage in "significant business transactions" with an "acquiring person", each as defined below. We have no right to waive the applicability of these provisions.

Significant Business Transactions Within Five Years of Share Acquisition Time

Subject to certain exceptions, for five years after an "acquiring person's" "share acquisition time", Avista may not engage in any "significant business transaction" with such "acquiring person" unless:

- before such "share acquisition time", a majority of the Board of Directors approves either:
  - such "significant business transaction"; or
  - the purchase of shares made by such "acquiring person"; or
- at or subsequent to such "share acquisition time", such "significant business transaction" has been approved by:
  - a majority of the Board of Directors; and
  - the holders of 2/3 of the outstanding shares of Common Stock (except shares beneficially owned by or under the voting control of the "acquiring person").

Significant Business Transactions More Than Five Years After Share Acquisition Time

Avista may not engage in certain "significant business transactions" (including mergers, share exchanges and consolidations) with any "acquiring person" unless:

- the transaction complies with certain "fair price" provisions specified in the statute; or

- no earlier than five years after the "acquiring person's" "share acquisition time", the "significant business transaction" is approved at an annual or special meeting of shareholders (in which the "acquiring person's" shares may not be counted in determining whether the "significant business transaction" has been approved).

Definitions

As used in this section:

"Significant business transaction" means any of various specified transactions involving an "acquiring person", including:

- a merger, share exchange, or consolidation of Avista or any of its subsidiaries with an "acquiring person" or its affiliate;
- a sale, lease, transfer or other disposition to an "acquiring person" or its affiliate of assets of Avista or any of its subsidiaries having an aggregate market value equal to 5% or more of all of the assets determined on a consolidated basis, or all the outstanding shares of Avista, or representing 5% or more of its earning power or net income determined on a consolidated basis;
- termination, at any time over the five-year period following the "share acquisition time", of 5% or more of the employees of Avista as a result of the "acquiring person's" acquisition of 10% or more of the shares of Avista; and
- the issuance or redemption by Avista or any of its subsidiaries of shares (or of options, warrants, or rights to acquire shares) of Avista or any of its subsidiaries to or beneficially owned by an "acquiring person" or its affiliate except pursuant to an offer, dividend distribution or redemption paid or made *pro rata* to all shareholders (or holders of options, warrants or rights).

"Acquiring person" means, with certain exceptions, a person (or group of persons) other than Avista or its subsidiaries who beneficially owns 10% or more of the outstanding Common Stock of Avista.

"Share acquisition time" means the time at which a person first becomes an "acquiring person" of Avista.

Anti-Takeover Effect

Certain provisions of the Articles and the Bylaws described above under "Board of Directors" and the provisions of the Articles described above under "'Fair Price' Provision", together with the provisions of the Washington BCA described above under "Statutory Limitations on 'Significant Business Transactions'", considered either individually or in the aggregate, may have an "anti-takeover" effect. These provisions could discourage a future takeover attempt which is not approved by Avista's Board of Directors but which individual shareholders might deem to be in their best interests or in which shareholders would receive a premium for their shares over current market prices. As a result, shareholders who might desire to participate in such a transaction might not have an opportunity to do so.

Liquidation Rights

In the event of any liquidation or dissolution of Avista, after satisfaction of the preferential liquidation rights of the Preferred Stock, the holders of Common Stock would be entitled to share ratably in all assets of Avista available for distribution to shareholders.

Pre-Emptive Rights

No holder of Common Stock has any pre-emptive rights.

Miscellaneous

The presently outstanding shares of Common Stock are fully paid and non-assessable. Upon issuance as contemplated by this prospectus and the applicable prospectus supplement, additional shares of Common Stock will be fully paid and nonassessable. The holders of shares of Common Stock are not and will not be subject to liability for further calls or assessment by, or for liabilities of, Avista.

The outstanding shares of Common Stock are listed on the New York Stock Exchange. Any new shares of Common Stock will also be listed on that Exchange subject to official notice of issuance.

The Transfer Agent and Registrar for the Common Stock is Computershare Shareowner Services LLC, 480 Washington Boulevard, 29 th Floor, Jersey City, New Jersey 07310.

WHERE YOU CAN FIND MORE INFORMATION

General

Avista is subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Avista files annual, quarterly and current reports, proxy statements and other documents with the SEC (File No. 1-3701). These documents contain important business and financial information. You may read and copy any materials Avista files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Avista's SEC filings are also available to the public from the SEC's website at *http://www.sec.gov*. Other than those documents or portions of documents incorporated by reference into this prospectus, information on this website does not constitute a part of this prospectus.

Incorporation of Documents by Reference

The SEC allows us to incorporate by reference the information that we file with the SEC. This allows us to disclose important information to you by referring you to those documents rather than repeating them in full in this prospectus. We are incorporating into this prospectus by reference:

- Avista's most recent Annual Report on Form 10-K filed with the SEC pursuant to the Exchange Act;
- all other documents filed by Avista with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act since the end of the fiscal year covered by Avista's most recent Annual Report and prior to the termination of the offering made by this prospectus,

and all of those documents are deemed to be a part of this prospectus from the date of filing such documents; it being understood that documents which are "furnished" but not "filed", in accordance with SEC rules, will not be deemed to be incorporated by reference. We refer to the documents incorporated into this prospectus by reference as the "Incorporated Documents". Any statement contained in an Incorporated Document may be modified or superseded by a statement in this prospectus (if such Incorporated Document was filed prior to the date of this prospectus) in any prospectus supplement or in any subsequently filed Incorporated Document. The Incorporated Documents as of the date of this prospectus are:

- Annual Report on Form 10-K for the year ended December 31, 2012;
- Current Reports on Form 8-K filed on February 11, 2013.

You may request copies of any of these filings, at no cost, by contacting us at the address or telephone number provided on page 2 of this prospectus. Avista maintains an Internet site at *http://www.avistacorp.com* which contains information concerning Avista and its affiliates. The information at or accessible through Avista's Internet site is not incorporated in this prospectus by references and you should not consider it a part of this prospectus.

LEGAL MATTERS

The validity of the Securities and certain other matters will be passed upon for Avista by Marian M. Durkin, Esq., Senior Vice President, General Counsel and Chief Compliance Officer of Avista, and Pillsbury Winthrop Shaw Pittman LLP, counsel to Avista. Certain matters will be passed upon for any underwriters or agents by counsel to the extent identified in the applicable prospectus supplement. In giving their opinions, Pillsbury Winthrop Shaw Pittman LLP and counsel for any underwriters or agents may rely as to matters of Washington, Idaho, Montana and Oregon law upon the opinion of Marian M. Durkin, Esq.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference from Avista's Annual Report on Form 10-K, and the effectiveness of Avista's internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are incorporated herein by reference. Such consolidated financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. *Other Expenses of Issuance and Distribution.*

The expenses that will be incurred and paid by the Registrant in connection with offerings of securities being registered include the following:

Securities and Exchange Commission registration fee
Fee of state regulatory authorities
Legal fees and expenses
Auditors' fees and expenses
Printing expenses
Trustee fees and expenses (debt)
Transfer agent's fees and expenses (equity)
Rating agency fees (debt and preferred stock)
Listing fees (common stock, possibly other)
Miscellaneous

It is not possible to estimate the amount of these expenses since the Registrant cannot predict the maximum offering price of the securities being registered, considered either in the aggregate or with respect to any individual transaction, the class of securities to be offered in any individual transaction or the number of transactions.

The Securities and Exchange Commission registration fee is being deferred pursuant to Rule 456(b) and will be calculated in connection with each offering of the securities being registered in accordance with Rule 457(r).

Item 15. *Indemnification of Directors and Officers.*

Article Seventh of Avista's Restated Articles of Incorporation ("Articles") provides, in part, as follows:

"The Corporation shall, to the full extent permitted by applicable law, as from time to time in effect, indemnify any person made a party to, or otherwise involved in, any proceeding by reason of the fact that he or she is or was a Director of the Corporation against judgments, penalties, fines, settlements and reasonable expenses actually incurred by him or her in connection with such proceeding. The Corporation shall pay any reasonable expenses incurred by a Director in connection with any such proceeding in advance of the final determination thereof upon receipt from such Director of such undertakings for repayment as may be required by applicable law and a written affirmation by such director that he or she has met the standard of conduct necessary for indemnification, but without any prior determination, which would otherwise be required by Washington law, that such standard of conduct has been met. The Corporation may enter into agreements with each Director obligating the Corporation to make such indemnification and advances of expenses as are contemplated herein. Notwithstanding the foregoing, the Corporation shall not make any indemnification or advance which is prohibited by applicable law. The rights to indemnity and advancement of expenses granted herein shall continue as to any person who has ceased to be a Director and shall inure to the benefit of the heirs, executors and administrators of such a person".

Avista has entered into indemnification agreements with each director as contemplated in Article Seventh of the Articles.

Reference is made to Revised Code of Washington 23B.08.510, which sets forth the extent to which indemnification is permitted under the laws of the State of Washington.

Article IX of Avista's Bylaws contains an indemnification provision similar to that contained in the Articles and, in addition, provides in part as follows:

"Section 2. Liability Insurance." The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the laws of the State of Washington.

Insurance is maintained on a regular basis (and not specifically in connection with this offering) against liabilities arising on the part of directors and officers out of their performance in such capacities or arising on the part of the Registrant out of its foregoing indemnification provisions, subject to certain exclusions and to the policy limits.

Item 16. ***Exhibits.***

Reference is made to the Exhibit Index filed herewith at page II-6, such Exhibit Index being incorporated in this Item 16 by reference.

Item 17. ***Undertakings.***

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be sellers to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned Registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrant or their securities provided by or on behalf of the undersigned Registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual reports pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted against the Registrant by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

POWER OF ATTORNEY

Each director and/or officer of the Registrant whose signature appears below hereby appoints each of Scott L. Morris, Mark T. Thies and each Agent for Service named in this registration statement, severally, as his or her attorney-in-fact to sign in his or her name and behalf, in any and all capacities indicated below, and to file with the Securities and Exchange Commission, any and all amendments, including post-effective amendments, to this registration statement.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Spokane and State of Washington on the 15th day of March, 2013.

AVISTA CORPORATION

By: /s/ Mark T. Thies

Mark T. Thies
Senior Vice President,
Chief Financial Officer, and Treasurer

Pursuant to the requirements of the Securities Act of 1933, this amendment to the Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Title	Date
/s/ Scott L. Morris Scott L. Morris Chairman of the Board, President and Chief Executive Officer	Principal Executive Officer	
/s/ Mark. T. Thies Mark T. Thies Senior Vice President, Chief Financial Officer, and Treasurer	Principal Financial Officer	
/s/ Christy M. Burmeister-Smith Christy M. Burmeister-Smith Vice President, Controller and Principal Accounting Officer	Principal Accounting Officer	
/s/ Erik J. Anderson Erik J. Anderson	Director	March 15, 2013
/s/ Kristianne Blake Kristianne Blake	Director	
/s/ Donald C. Burke Donald C. Burke	Director	
/s/ Rick R. Holley Rick R. Holley	Director	
/s/ John F. Kelly John F. Kelly	Director	
/s/ Rebecca A. Klein Rebecca A. Klein	Director	
/s/ Michael L. Noël Michael L. Noël	Director	March 15, 2013
/s/ Marc F. Racicot Marc F. Racicot	Director	
/s/ Heidi B. Stanley Heidi B. Stanley	Director	
/s/ R. John Taylor R. John Taylor	Director	

EXHIBIT INDEX

Exhibit	Description
1(a)*	Form of Underwriting Agreement for offering of first mortgage bonds.
1(b)*	Form of Underwriting Agreement for offering of senior notes.
1(c)*	Form of Underwriting Agreement for offering of preferred stock.
1(d)*	Form of Underwriting Agreement for offering of common stock.
1(e)(1)	Sales Agency Agreement dated August 9, 2012 between Avista Corporation and BNY Mellon Capital Markets (filed with Form 8-K dated August 9, 2012).
1(e)(2)	Sales Agency Agreement dated August 9, 2012 between Avista Corporation and UBS Securities LLC (filed with Form 8-K dated August 9, 2012).
4(a)	Mortgage and Deed of Trust dated as of June 1, 1939, by and between Avista Corporation and Citibank, N.A., as Trustee (filed with registration number 2-4077 B-3).
4(a)(1)	First Supplemental Indenture to the Mortgage, dated as of October 1, 1952 (filed with registration number 2-9812 4(c)).
4(a)(2)	Second Supplemental Indenture to the Mortgage, dated as of May 1, 1953 (filed with registration number 2-60728 2(b)-2).
4(a)(3)	Third Supplemental Indenture to the Mortgage, dated as of December 1, 1955 (filed with registration number 2-13421 4(b)-3).
4(a)(4)	Fourth Supplemental Indenture to the Mortgage, dated as of March 15, 1957 (filed with registration number 2-13421 4(b)-4).
4(a)(5)	Fifth Supplemental Indenture to the Mortgage, dated as of July 1, 1957 (filed with registration number 2-60728 2(b)-5).
4(a)(6)	Sixth Supplemental Indenture to the Mortgage, dated as of January 1, 1958 (filed with registration number 2-60728 2(b)-6).
4(a)(7)	Seventh Supplemental Indenture to the Mortgage, dated as of August 1, 1958 (filed with registration number 2-60728 2(b)-7).
4(a)(8)	Eighth Supplemental Indenture to the Mortgage, dated as of January 1, 1959 (filed with registration number 2-60728 2(b)-8).
4(a)(9)	Ninth Supplemental Indenture to the Mortgage, dated as of January 1, 1960 (filed with registration number 2-60728 2(b)-9).
4(a)(10)	Tenth Supplemental Indenture to the Mortgage, dated as of April 1, 1964 (filed with registration number 2-60728 2(b)-10).
4(a)(11)	Eleventh Supplemental Indenture to the Mortgage, dated as of March 1, 1965 (filed with registration number 2-60728 2(b)-11).
4(a)(12)	Twelfth Supplemental Indenture to the Mortgage, dated as of May 1, 1966 (filed with registration number 2-60728 2(b)-12).
4(a)(13)	Thirteenth Supplemental Indenture to the Mortgage, dated as of August 1, 1966 (filed with registration number 2-60728 2(b)-13).
4(a)(14)	Fourteenth Supplemental Indenture to the Mortgage, dated as of April 1, 1970 (filed with registration number 2-60728 2(b)-14).

4(a)(15)	Fifteenth Supplemental Indenture to the Mortgage, dated as of May 1, 1973 (filed with registration number 2-60728 2(b)-15).
4(a)(16)	Sixteenth Supplemental Indenture to the Mortgage, dated as of February 1, 1975 (filed with registration number 2-60728 2(b)-16).
4(a)(17)	Seventeenth Supplemental Indenture to the Mortgage, dated as of November 1, 1976 (filed with registration number 2-60728 2(b)-17).
4(a)(18)	Eighteenth Supplemental Indenture to the Mortgage, dated as of June 1, 1980 (filed with registration number 2-69080 2(b)-18).
4(a)(19)	Nineteenth Supplemental Indenture to the Mortgage, dated as of January 1, 1981 (filed with registration number 1-3701 (1980 Form 10-K) 4(a)-20).
4(a)(20)	Twentieth Supplemental Indenture to the Mortgage, dated as of August 1, 1982 (filed with registration number 2-79571 4(a)-21).
4(a)(21)	Twenty-first Supplemental Indenture to the Mortgage, dated as of September 1, 1983 (filed with registration number 1-3701 (Form 8-K dated September 20, 1983) 4(a)-22).
4(a)(22)	Twenty-second Supplemental Indenture to the Mortgage, dated as of March 1, 1984 (filed with registration number 2-94816 4(a)-23).
4(a)(23)	Twenty-third Supplemental Indenture to the Mortgage, dated as of December 1, 1986 (filed with registration number 1-3701 (1986 Form 10-K) 4(a)-24).
4(a)(24)	Twenty-fourth Supplemental Indenture to the Mortgage, dated as of January 1, 1988 (filed with registration number 1-3701 (1987 Form 10-K) 4(a)-25).
4(a)(25)	Twenty-fifth Supplemental Indenture to the Mortgage, dated as of October 1, 1989 (filed with registration number 1-3701 (1989 Form 10-K) 4(a)-26).
4(a)(26)	Twenty-sixth Supplemental Indenture to the Mortgage, dated as of April 1, 1993 (filed with registration number 33-51669 4(a)-27).
4(a)(27)	Twenty-seventh Supplemental Indenture to the Mortgage, dated as of January 1, 1994 (filed with registration number 1-3701 (1993 Form 10-K) 4(a)-28).
4(a)(28)	Twenty-eighth Supplemental Indenture to the Mortgage, dated as of September 1, 2001 (filed with registration number 1-3701 (2001 Form 10-K) 4(a)-29).
4(a)(29)	Twenty-ninth Supplemental Indenture to the Mortgage, dated as of December 1, 2001 (filed with registration number 333-82502 4(b)).
4(a)(30)	Thirtieth Supplemental Indenture to the Mortgage, dated as of May 1, 2002 (filed with registration number 1-3701 (June 30, 2002 Form 10-Q) 4(f)).
4(a)(31)	Thirty-first Supplemental Indenture to the Mortgage, dated as of May 1, 2003 (filed with registration number 333-106491 4(b)).
4(a)(32)	Thirty-second Supplemental Indenture to the Mortgage, dated as of September 1, 2003 (filed with registration number 1-3701 (September 30, 2003 Form 10-Q) 4(f)).
4(a)(33)	Thirty-third Supplemental Indenture to the Mortgage, dated as of May 1, 2004 (filed with registration number 333-64652 4(a)(33)).
4(a)(34)	Thirty-fourth Supplemental Indenture to the Mortgage, dated as of November 1, 2004 (filed with registration number 1-3701 (Form 8-K dated December 20, 2004) 4.1).
4(a)(35)	Thirty-fifth Supplemental Indenture to the Mortgage, dated as of December 1, 2004 (filed with registration number 1-3701 (Form 8-K dated December 20, 2004) 4.2).

4(a)(36)	Thirty-sixth Supplemental Indenture to the Mortgage, dated as of December 1, 2004 (filed with registration number 1-3701 (Form 8-K dated December 20, 2004) 4.3).
4(a)(37)	Thirty-seventh Supplemental Indenture to the Mortgage, dated as of December 1, 2004 (filed with registration number 1-3701 (Form 8-K dated December 20, 2004) 4.4).
4(a)(38)	Thirty-eighth Supplemental Indenture to the Mortgage, dated as of May 1, 2005 (filed with registration number 1-3701 (Form 8-K dated May 18, 2005) 4.1).
4(a)(39)	Thirty-ninth Supplemental Indenture to the Mortgage, dated as of November 1, 2005 (filed with registration number 1-3701 (Form 8-K dated November 21, 2005) 4.1).
4(a)(40)	Fortieth Supplemental Indentures to the Mortgage, dated as of April 1, 2006 (filed with registration number 1-3701 (Form 8-K dated April 12, 2006) 4.1).
4(a)(41)	Forty-first Supplemental Indentures to the Mortgage, dated as of December 1, 2006 (filed with registration number 1-3701 (Form 8-K dated December 18, 2006) 4.1)
4(a)(42)	Forty-second Supplemental Indentures to the Mortgage, dated as of April 1, 2008 (filed with registration number 1-3701 (Form 8-K dated April 8, 2008) 4.1)
4(a)(43)	Forty-third Supplemental Indentures to the Mortgage, dated as of November 1, 2008 (filed with registration number 1-3701 (Form 8-K dated December 1, 2008) 4.1)
4(a)(44)	Forty-fourth Supplemental Indentures to the Mortgage, dated as of December 1, 2008 (filed with registration number 1-3701 (Form 8-K dated December 18, 2008) 4.1)
4(a)(45)	Forty-fifth Supplemental Indentures to the Mortgage, dated as of December 1, 2008 (filed with registration number 1-3701 (Form 8-K dated January 5, 2009) 4.1)
4(a)(46)	Forty-sixth Supplemental Indentures to the Mortgage, dated as of September 1, 2009 (filed with registration number 1-3701 (Form 8-K dated September 23, 2009) 4.1)
4(a)(47)	Forty-seventh Supplemental Indentures to the Mortgage, dated as of November 1, 2009 (filed with registration number 1-3701 (Form 8-K dated December 1, 2009) 4.1)
4(a)(48)	Forty-eighth Supplemental Indentures to the Mortgage, dated as of December 1, 2010 (filed with registration number 1-3701 (Form 8-K dated December 20, 2010) 4.1)
4(a)(49)	Forty-ninth Supplemental Indentures to the Mortgage, dated as of December 1, 2010 (filed with registration number 1-3701 (Form 8-K dated December 22, 2010) 4.1)
4(a)(50)	Fiftieth Supplemental Indentures to the Mortgage, dated as of December 1, 2010 (filed with registration number 1-3701 (Form 8-K dated January 4, 2011) 4.1)
4(a)(51)	Fifty-first Supplemental Indentures to the Mortgage, dated as of February 1, 2011 (filed with registration number 1-3701 (Form 8-K dated February 16, 2011) 4.1)
4(a)(52)	Fifty-second Supplemental Indentures to the Mortgage, dated as of August 1, 2011 (filed with registration number 1-3701 (Form 8-K dated August 25, 2011) 4.1)
4(a)(53)	Fifty-third Supplemental Indentures to the Mortgage, dated as of December 1, 2011 (filed with registration number 1-3701 (Form 8-K dated December 16, 2011) 4.1)
4(a)(54)	Fifty-fourth Supplemental Indentures to the Mortgage, dated November 1, 2012(filed with Form 8-K dated December 4, 2012).
4(b)*	Form of Supplemental Indenture to the Mortgage.
4(c)(1)	Indenture, dated as of April 1, 1998, between Avista Corporation and The Bank of New York Mellon, as Successor Trustee (filed with Registration number 333-82165) 4(a)).

4(c)(2)	Supplemental Indenture No. 1, dated as of December 1, 2004, to Indenture, dated as of April 1, 1998 (filed with registration number 1-3701 (Form 8-K, dated December 20, 2004) 4.5).
4(d)*	Form of Officer's Certificate to be used in connection with an underwritten public offering of Notes.
4(f)	Restated Articles of Incorporation of Avista Corporation as amended June 6, 2012 (filed with Form 10-Q for the quarter ended June 30, 2012 3.1).
4(g)*	Form of Articles of Amendment to Restated Articles of Incorporation of Avista Corporation.
4(h)	Bylaws of Avista Corporation, as amended August 12, 2011 (filed with Form 8-K dated August 18, 2011) 3.2).
5(a)	Opinion and Consent of Marian M. Durkin, Esq.
5(b)	Opinion and Consent of Pillsbury Winthrop Shaw Pittman LLP.
12	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements (contained in Incorporated Documents).
23(a)	Consent of Marian M. Durkin, Esq. (contained in Exhibit 5(a)).
23(b)	Consent of Pillsbury Winthrop Shaw Pittman LLP (contained in Exhibit 5(b)).
23(c)	Consent of Deloitte & Touche LLP.
24	Power of Attorney (contained on Page II-4).
25(a)	Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Citibank, N.A., as Trustee under the Mortgage and Deed of Trust.
25(b)*	Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Bank of New York Mellon, as Successor trustee under the Indenture.

* To be filed subsequently as an exhibit to an amendment to this Registration Statement or a Current Report on Form 8-K.

Exhibit 5(a)

[Letterhead of Avista Corporation]

March 15, 2013

Avista Corporation
1411 East Mission Avenue
Spokane, Washington 99202

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

I am a Senior Vice President, the General Counsel and the Chief Compliance Officer of Avista Corporation, a Washington corporation (the "Company"), and, together with Pillsbury Winthrop Shaw Pittman LLP, am acting as counsel to the Company in connection with the Registration Statement on Form S-3 (the "Registration Statement") relating to the registration under the Securities Act of 1933 (the "Act") of an indeterminate amount of the following securities of the Company: (a) mortgage bonds ("Bonds"), (b) unsecured senior or subordinated notes ("Notes"), (c) shares of preferred stock, without par value ("Preferred Stock") and (d) shares of common stock, without par value ("Common Stock"). The Bonds, the Notes, the Preferred Stock and the Common Stock are collectively referred to herein as the "Securities". The Bonds will be issued under the Mortgage and Deed of Trust dated as of June 1, 1939 between the Company (formerly known as The Washington Water Power Company) and Citibank, N.A., (ultimate successor to City Bank Farmers Trust Company, as trustee, as heretofore amended and supplemented and to be supplemented by a supplemental indenture establishing series of Bonds and setting forth the terms thereof (as so amended and supplemented, the "Mortgage"). The Notes will be issued under the Indenture, dated as of April 1, 1998, between the Company and The Bank of New York Mellon (ultimate successor in trust to the Chase Manhattan Bank), as trustee, as heretofore supplemented and to be supplemented by an officer's certificate establishing series of Notes and setting forth the terms thereof (as so supplemented, the "Indenture").

I have reviewed and am familiar with such corporate proceedings and other matters as I have deemed necessary for the opinions expressed in this letter. In such review, I have assumed that the signatures on all documents examined by us are genuine, which assumption we have not independently verified. I note that, as contemplated below, prior to the issuance by the Company of any of the Securities, further action by (a) the Company's Board of Directors or a duly authorized committee thereof (such Board or committee being herein referred to as the "Board") and (b) the Washington Utilities and Transportation Commission, the Idaho Public Utilities Commission and the Public Utility Commission of Oregon (collectively, the "State Utility Commissions") may be required to authorize such issuance.

On the basis of the assumptions and subject to the qualifications and limitations set forth herein, I am of the opinion that

1. With respect to any Bonds, when (a) the Board has taken all necessary corporate action to approve the issuance and establish the terms of a series of Bonds, the terms of the offering and related matters, (b) the State Utility Commissions have duly authorized the issuance by the Company of such Bonds and (c) such Bonds have been executed and authenticated in accordance with the Mortgage and issued and sold by the Company in the manner contemplated by the Registration Statement and in accordance with the authorizations of the Board and the State Utility Commissions, such Bonds will constitute the valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms.

2. With respect to any Notes, when (a) the Board has taken all necessary corporate action to establish the terms of a series of Notes, the terms of the offering and related matters, (b) the State Utility Commissions have duly authorized the issuance by the Company of such Notes and (c) such Notes have been executed and authenticated in accordance with the Indenture and issued and sold by the Company in the manner contemplated by the Registration Statement and in accordance with the authorizations of the Board and the State Utility Commissions, such Notes will constitute the valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms.

3. With respect to any Preferred Stock, when (a) the Board has taken all necessary corporate action to establish the terms of a series of Preferred Stock, the terms of the offering and related matters (b) the State Utility Commissions have duly authorized the issuance by the Company of shares of such series of Preferred Stock, (c) the Company has filed with the Secretary of State of the State of Washington articles of amendment to the Company's Restated Articles of Incorporation, as amended, conforming to the Business Corporation Act of the State of Washington regarding such series of Preferred Stock and (d) certificates representing such shares of such series of Preferred Stock have been duly executed and countersigned and such shares have been issued and sold by the Company in the manner contemplated by the Registration Statement and in accordance with the authorizations of the Board and the State Utility Commissions, such shares of Preferred Stock will be legally issued, fully paid and nonassessable.

4. With respect to any Common Stock to be issued and sold pursuant to either of the Sales Agency Agreements, dated as of August 9, 2012, between the Company and, respectively, BNY Capital Markets, LLC and UBS Securities LLC (the "Sales Agency Agreements"), when certificates representing such shares of such Common Stock have been duly executed and countersigned and such shares have been issued and sold by the Company in the manner contemplated by the Registration Statement and in accordance with the authorizations of the Board and the State Utility Commissions, such shares of Common Stock will be legally issued, fully paid and nonassessable.

5. With respect to any Common Stock to be issued and sold otherwise than pursuant to the Sales Agency Agreements, when (a) the Board has taken all necessary corporate action to approve the issuance of such Common Stock and establish the terms of the offering and related matters, (b) the State Utility Commissions have duly authorized the issuance by the Company of such Common Stock and (c) certificates representing such shares of such Common Stock have been duly executed and countersigned and such shares have been issued and sold by the Company in the manner contemplated by the Registration Statement and in accordance with the authorizations of the Board and the State Utility Commissions, such shares of Common Stock will be legally issued, fully paid and non-assessable.

My opinions set forth in paragraphs 1 and 2 above are subject to and limited by the effect of (a) applicable bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, receivership, conservatorship, arrangement, moratorium and other laws affecting and relating to the rights of creditors generally, (b) general equitable principles and (c) requirements of reasonableness, good faith, fair dealing and materiality.

In connection with the opinions expressed above, I have also assumed that, at or prior to the time of the delivery of any such Security, the Registration Statement and any amendments thereto will be effective under the Act, a prospectus supplement to the prospectus forming a part of the Registration Statement will have been prepared and filed with the Securities and Exchange Commission (the "Commission") describing the Securities offered thereby, the authorization of such Security will not have been modified or rescinded by the Board or any of the State Utility Commissions, and there will not have occurred any change in law affecting the validity or enforceability of such Security. I have also assumed that none of the terms of any Security to be established subsequent to the date hereof nor the issuance and delivery of such Security, nor the compliance by the Company with the terms of such Security, will violate any applicable federal or state law or will result in a violation of any provision of any instrument or agreement then binding upon the Company or any restriction imposed by any court or governmental body having jurisdiction over the Company.

I am a member of the Bar of the State of Washington, and my opinions set forth in this letter are limited to the law of the State of Washington and, subject to the assumptions, qualifications and limitations expressed below, the law of the States of Idaho, Montana and Oregon, in each case as in effect on the date hereof, and I express no opinion as to the law of any other jurisdiction. To the extent that such opinions relate to or are dependent upon matters governed by the law of the State of Idaho, Montana or Oregon, I have examined the applicable law of such State and have consulted other counsel to the Company admitted to practice in such State whom I consider competent. To the extent that such opinions are dependent upon matters governed by the law of the State of New York, I have relied upon the corresponding opinions expressed in the letter delivered to you by Pillsbury Winthrop Shaw Pittman LLP, which is being filed as Exhibit 5(b) to the Registration Statement, subject to the same assumptions, qualifications and limitations with respect to such matters as are contained in such letter.

I hereby consent to the filing of this opinion letter as Exhibit 5(a) to the Registration Statement and to the use of my name under the caption “Legal Matters” in the Registration Statement and in the Prospectus forming a part thereof and any supplement thereto. In giving this consent, I do not thereby admit that I am within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Marian M. Durkin

Marian M. Durkin
Senior Vice President, General Counsel
& Chief Compliance Officer

Exhibit 5(b)

[PWSP Letterhead]

March 15, 2013

Avista Corporation
1411 East Mission Avenue
Spokane, Washington 99202

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We, together with Marian M. Durkin, Esq., a Senior Vice President, the General Counsel and the Chief Compliance Officer of Avista Corporation, a Washington corporation (the "Company"), are acting as counsel to the Company in connection with the Registration Statement on Form S-3 (the "Registration Statement") relating to the registration under the Securities Act of 1933 (the "Act") of an indeterminate amount of the following securities of the Company: (a) mortgage bonds ("Bonds"), (b) unsecured senior or subordinated notes ("Notes"), (c) shares of preferred stock, without par value ("Preferred Stock") and (d) shares of common stock, without par value ("Common Stock"). The Bonds, the Notes, the Preferred Stock and the Common Stock are collectively referred to herein as the "Securities". The Bonds will be issued under the Mortgage and Deed of Trust dated as of June 1, 1939 between the Company (formerly known as The Washington Water Power Company) and Citibank, N.A., (ultimate successor to City Bank Farmers Trust Company, as trustee, as heretofore amended and supplemented and to be supplemented by a supplemental indenture establishing series of Bonds and setting forth the terms thereof (as so amended and supplemented, the "Mortgage"). The Notes will be issued under the Indenture, dated as of April 1, 1998, between the Company and The Bank of New York Mellon (ultimate successor in trust to the Chase Manhattan Bank), as trustee, as heretofore supplemented and to be supplemented by an officer's certificate establishing series of Notes and setting forth the terms thereof (as so supplemented, the "Indenture").

We have reviewed and are familiar with such corporate proceedings and other matters as we have deemed necessary for the opinions expressed in this letter. In such review, we have assumed that the signatures on all documents examined by us are genuine, which assumption we have not independently verified. We note that, as contemplated below, prior to the issuance by the Company of any of the Securities, further action by (a) the Company's Board of Directors or a duly authorized committee thereof (such Board or committee being herein referred to as the "Board") and (b) the Washington Utilities and Transportation Commission, the Idaho Public Utilities Commission and the Public Utility Commission of Oregon (collectively, the "State Utility Commissions") may be required to authorize such issuance.

On the basis of the assumptions and subject to the qualifications and limitations set forth herein, we are of the opinion that

1. With respect to any Bonds, when (a) the Board has taken all necessary corporate action to approve the issuance and establish the terms of a series of Bonds, the terms of the offering and related matters, (b) the State Utility Commissions have duly authorized the issuance by the Company of such Bonds and (c) such Bonds have been executed and authenticated in accordance with the Mortgage and issued and sold by the Company in the manner contemplated by the Registration Statement and in accordance with the authorizations of the Board and the State Utility Commissions, such Bonds will constitute the valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms.

2. With respect to any Notes, when (a) the Board has taken all necessary corporate action to establish the terms of a series of Notes, the terms of the offering and related matters, (b) the State Utility Commissions have duly authorized the issuance by the Company of such Notes and (c) such Notes have been executed and authenticated in accordance with the Indenture and issued and sold by the Company in the manner contemplated by the Registration Statement and in accordance with the authorizations of the Board and the State Utility Commissions, such Notes will constitute the valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms.

3. With respect to any Preferred Stock, when (a) the Board has taken all necessary corporate action to establish the terms of a series of Preferred Stock, the terms of the offering and related matters (b) the State Utility Commissions have duly authorized the issuance by the Company of shares of such series of Preferred Stock, (c) the Company has filed with the Secretary of State of the State of Washington articles of amendment to the Company's Restated Articles of Incorporation, as amended, conforming to the Business Corporation Act of the State of Washington regarding such series of Preferred Stock and (d) certificates representing such shares of such series of Preferred Stock have been duly executed and countersigned and such shares have been issued and sold by the Company in the manner contemplated by the Registration Statement and in accordance with the authorizations of the Board and the State Utility Commissions, such shares of Preferred Stock will be legally issued, fully paid and nonassessable.

4. With respect to any Common Stock to be issued and sold pursuant to either of the Sales Agency Agreements, dated as of August 9, 2012, between the Company and, respectively, BNY Capital Markets, LLC and UBS Securities LLC (the "Sales Agency Agreements"), when certificates representing such shares of such Common Stock have been duly executed and countersigned and such shares have been issued and sold by the Company in the manner contemplated by the Registration Statement and in accordance with the authorizations of the Board and the State Utility Commissions, such shares of Common Stock will be legally issued, fully paid and nonassessable.

5. With respect to any Common Stock to be issued and sold otherwise than pursuant to the Sales Agency Agreements, when (a) the Board has taken all necessary corporate action to approve the issuance of such Common Stock and establish the terms of the offering and related matters, (b) the State Utility Commissions have duly authorized the issuance by the Company of such Common Stock and (c) certificates representing such shares of such Common Stock have been duly executed and countersigned and such shares have been issued and sold by the Company in the manner contemplated by the Registration Statement and in accordance with the authorizations of the Board and the State Utility Commissions, such shares of Common Stock will be legally issued, fully paid and non-assessable.

Our opinions set forth in paragraphs 1 and 2 above are subject to and limited by the effect of (a) applicable bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, receivership, conservatorship, arrangement, moratorium and other laws affecting and relating to the rights of creditors generally, (b) general equitable principles and (c) requirements of reasonableness, good faith, fair dealing and materiality.

In connection with the opinions expressed above, we have also assumed that, at or prior to the time of the delivery of any such Security, the Registration Statement and any amendments thereto will be effective under the Act, a prospectus supplement to the prospectus forming a part of the Registration Statement will have been prepared and filed with the Securities and Exchange Commission (the "Commission") describing the Securities offered thereby, the authorization of such Security will not have been modified or rescinded by the Board or any of the State Utility Commissions, and there will not have occurred any change in law affecting the validity or enforceability of such Security. We have also assumed that none of the terms of any Security to be established subsequent to the date hereof nor the issuance and delivery of such Security, nor the compliance by the Company with the terms of such Security, will violate any applicable federal or state law or will result in a violation of any provision of any instrument or agreement then binding upon the Company or any restriction imposed by any court or governmental body having jurisdiction over the Company.

Our opinions set forth in this letter are limited to the law of the State of New York and, subject to the assumptions, qualifications and limitations expressed below, the law of the States of Washington, Idaho, Montana and Oregon, in each case as in effect on the date hereof, and we express no opinion as to the law of any other jurisdiction. To the extent that such opinions relate to or are dependent upon matters governed by the law of the State of Washington, Idaho, Montana or Oregon, we have relied upon the opinions expressed or otherwise encompassed in the letter dated the date hereof delivered to you by Marian M. Durkin, Esq., which is being filed as Exhibit 5(a) to the Registration Statement, subject to the same assumptions, qualifications and limitations with respect to such matters as are contained in such letter.

We hereby consent to the filing of this opinion letter as Exhibit 5(b) to the Registration Statement and to the use of our name under the caption “Legal Matters” in the Registration Statement and in the Prospectus forming a part thereof and any supplement thereto. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Pillsbury Winthrop Shaw Pittman LLP

Exhibit 23(c)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-3 of our reports dated February 26, 2013, relating to the consolidated financial statements of Avista Corporation and subsidiaries (which report expresses an unqualified opinion and includes an explanatory paragraph related to the adoption of accounting guidance for variable interest entities), and the effectiveness of Avista Corporation's internal control over financial reporting, appearing in the Annual Report on Form 10-K of Avista Corporation for the year ended December 31, 2012, and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Deloitte & Touche LLP

Seattle, Washington
March 15, 2013

Exhibit 25(a)

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **Check if an application to determine eligibility of a Trustee pursuant to Section 305 (b)(2)**

CITIBANK, N.A.

(Exact name of trustee as specified in its charter)

13-5266470
(I.R.S. employer identification no.)

399 Park Avenue, New York, New York — (Address of principal executive office)
10043 — (Zip Code)

AVISTA CORPORATION

(Exact name of obligor as specified in its charter)

Washington
(State or other jurisdiction of incorporation or organization)

91-0462470
(I.R.S. employer identification no.)

1411 East Mission
Spokane, Washington
(Address of principal executive offices)

99202-2600
(Zip Code)

Debt Securities
(Title of the indenture securities)

Item 1. General Information.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Comptroller of the Currency	Washington, D.C.
Federal Reserve Bank of New York 33 Liberty Street New York, NY	New York, NY
Federal Deposit Insurance Corporation	Washington, D.C.

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

Item 16. List of Exhibits.

List below all exhibits filed as a part of this Statement of Eligibility.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as exhibits hereto.

Exhibit 1—Copy of Articles of Association of the Trustee, as now in effect. (Exhibit 1 to T-1 to Registration Statement No. 2-79983)

Exhibit 2—Copy of certificate of authority of the Trustee to commence business. (Exhibit 2 to T-1 to Registration Statement No. 2-29577).

Exhibit 3—Copy of authorization of the Trustee to exercise corporate trust powers. (Exhibit 3 to T-1 to Registration Statement No. 2-55519)

Exhibit 4—Copy of existing By-Laws of the Trustee. (Exhibit 4 to T-1 to Registration Statement No. 33-34988)

Exhibit 5—Not applicable.

Exhibit 6—The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939. (Exhibit 6 to T-1 to Registration Statement No. 33-19227.)

Exhibit 7—Copy of the latest Report of Condition of Citibank, N.A. (as of December 31, 2012-attached)

Exhibit 8— Not applicable.

Exhibit 9— Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, Citibank, N.A., a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York and State of New York, on the 13th day of March, 2013.

CITIBANK, N.A.

By /s/ Wafaa Orfy

Wafaa Orfy
Vice President

CONSOLIDATED BALANCE SHEET *Citigroup Inc. and Subsidiaries*

In millions of dollars	December 31, 2012	2011
Assets		
Cash and due from banks (including segregated cash and other deposits)	**$ 36,453**	$ 28,701
Deposits with banks	**102,134**	155,784
Federal funds sold and securities borrowed or purchased under agreements to resell (including $160,589 and $142,862 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**261,311**	275,849
Brokerage receivables	**22,490**	27,777
Trading account assets (including $105,458 and $119,054 pledged to creditors at December 31, 2012 and December 31, 2011, respectively)	**320,929**	291,734
Investments (including $21,423 and $14,940 pledged to creditors at December 31, 2012 and December 31, 2011, respectively, and $294,463 and $274,040 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**312,326**	293,413
Loans, net of unearned income		
Consumer (including $1,231 and $1,326 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**408,671**	423,340
Corporate (including $4,056 and $3,939 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**246,793**	223,902
Loans, net of unearned income	**$ 655,464**	$ 647,242
Allowance for loan losses	**(25,455)**	(30,115)
Total loans, net	**$ 630,009**	$ 617,127
Goodwill	**25,673**	25,413
Intangible assets (other than MSRs)	**5,697**	6,600
Mortgage servicing rights (MSRs)	**1,942**	2,569
Other assets (including $13,299 and $13,360 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**145,660**	148,911
Assets of discontinued operations held for sale	**36**	—
Total assets	**$1,864,660**	$1,873,878

The following table presents certain assets of consolidated variable interest entities (VIEs), which are included in the Consolidated Balance Sheet above. The assets in the table below include only those assets that can be used to settle obligations of consolidated VIEs on the following page, and are in excess of those obligations. Additionally, the assets in the table below include third-party assets of consolidated VIEs only, and exclude intercompany balances that eliminate in consolidation.

In millions of dollars	December 31, 2012	2011
Assets of consolidated VIEs that can only be used to settle obligations of consolidated VIEs		
Cash and due from banks	**$ 498**	$ 591
Trading account assets	**481**	567
Investments	**10,751**	12,509
Loans, net of unearned income		
Consumer (including $1,191 and $1,292 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**93,936**	103,275
Corporate (including $157 and $198 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**23,684**	23,780
Loans, net of unearned income	**$117,620**	$ 127,055
Allowance for loan losses	**(5,854)**	(8,000)
Total loans, net	**$ 111,766**	$119,055
Other assets	**674**	874
Total assets of consolidated VIEs that can only be used to settle obligations of consolidated VIEs	**$124,170**	$ 133,596

Statement continues on the next page.

CONSOLIDATED BALANCE SHEET
(Continued)

Citigroup Inc. and Subsidiaries

In millions of dollars, except shares and per share amounts	December 31, 2012	2011
Liabilities		
Non-interest-bearing deposits in U.S. offices	**$ 129,657**	$ 119,437
Interest-bearing deposits in U.S. offices (including $889 and $848 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**247,716**	223,851
Non-interest-bearing deposits in offices outside the U.S.	**65,024**	57,357
Interest-bearing deposits in offices outside the U.S. (including $558 and $478 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**488,163**	465,291
Total deposits	**$ 930,560**	$ 865,936
Federal funds purchased and securities loaned or sold under agreements to repurchase (including $116,689 and $97,712 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**211,236**	198,373
Brokerage payables	**57,013**	56,696
Trading account liabilities	**115,549**	126,082
Short-term borrowings (including $818 and $1,354 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**52,027**	54,441
Long-term debt (including $29,764 and $24,172 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**239,463**	323,505
Other liabilities (including $2,910 and $3,742 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**67,815**	69,272
Liabilities of discontinued operations held for sale	**—**	—
Total liabilities	**$1,673,663**	$1,694,305
Stockholders' equity		
Preferred stock ($1.00 par value; authorized shares: 30 million), issued shares: **102,038 as of December 31, 2012** and 12,038 as of December 31, 2011, at aggregate liquidation value	**$ 2,562**	$ 312
Common stock ($0.01 par value; authorized shares: 6 billion), issued shares: **3,043,153,204 as of December 31, 2012** and 2,937,755,921 as of December 31, 2011	**30**	29
Additional paid-in capital	**106,391**	105,804
Retained earnings	**97,809**	90,520
Treasury stock, at cost: **December 31, 2012—14,269,301 shares** and December 31, 2011—13,877,688 shares	**(847)**	(1,071)
Accumulated other comprehensive income (loss)	**(16,896)**	(17,788)
Total Citigroup stockholders' equity	**$ 189,049**	$ 177,806
Noncontrolling interest	**1,948**	1,767
Total equity	**$ 190,997**	$ 179,573
Total liabilities and equity	**$ 1,864,660**	$ 1,873,878

The following table presents certain liabilities of consolidated VIEs, which are included in the Consolidated Balance Sheet above. The liabilities in the table below include third-party liabilities of consolidated VIEs only, and exclude intercompany balances that eliminate in consolidation. The liabilities also exclude amounts where creditors or beneficial interest holders have recourse to the general credit of Citigroup.

In millions of dollars	December 31, 2012	2011
Liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup		
Short-term borrowings	**$15,637**	$ 21,009
Long-term debt (including $1,330 and $1,558 as of December 31, 2012 and December 31, 2011, respectively, at fair value)	**26,346**	50,451
Other liabilities	**1,224**	1,051
Total liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Citigroup	**$43,207**	$72,511