

**Avista Corp.**  
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Telephone 509-489-0500  
Toll Free 800-727-9170



May 27, 2009

Mr. David Danner  
Executive Director & Secretary  
Washington Utilities and Transportation Commission  
1300 Evergreen Park Drive South  
Olympia WA 98504-7250

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COMMUNICATIONS SECTION

Dear Mr. Danner:

Enclosed herewith please find the Annual Report of Securities Transactions for calendar year 2008 for Avista Corporation pursuant to WAC 480-100-262 and WAC 480-90-262.

Please contact me at (509) 495-4584 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Kimball", written over a white background.

Paul Kimball  
Treasury Analyst

Enclosure

2008 ANNUAL REPORT OF SECURITIES TRANSACTIONS  
TO THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

This report sets forth the information required by WAC 480-90/100-262 for the securities transactions of Avista Corporation (“Avista” or “Company”) during calendar year 2008.

**Bank Loans**

At December 31, 2008, Avista had established a new short term borrowing arrangement in the form of a \$200 million secured line of credit.

**Credit Agreement**

The Company entered into a committed line of credit agreement with various banks in the total amount of \$200.0 million with an expiration date of November 24, 2009. The committed line of credit is secured by \$200.0 million of non-transferable First Mortgage Bonds of the Company issued to the agent bank that would only become due and payable in the event, and then only to the extent, that the Company defaults on its obligations under the committed line of credit. Enclosed as Exhibit A, is a conformed copy of the Credit Agreement.

**Use of Proceeds**

At December 31, 2008 there was \$0.0 million outstanding under this credit agreement. The maximum balance outstanding during 2008 was \$0.0 million.

**Level of Expenses**

Fees and expenses paid in connection with the short term borrowing arrangement were as follows:

<u>Description</u>	<u>Amount</u>
Bank Arranger & Agency Fees	\$ 1,482,500
Legal Fees	249,537
Title Insurance	<u>72,535</u>
Total	<u>\$1,804,572</u>

**Securities Transactions**

**Issuance of \$250 million First Mortgage Bonds Due 2018**

In the second quarter of 2008, the Company issued \$250.0 million (net proceeds of \$249.2 million) of 5.95 percent First Mortgage Bonds due in 2018. The notes were recorded as long-term debt on the Company’s books. Enclosed as Exhibit B, is the Prospectus Supplement for the bond issuance.

### Use of Proceeds

The net proceeds were used for replacing maturing debt.

### Level of Expenses

Fees and expenses paid in connection with the issuance of the 5.95% First Mortgage Bonds through December 31, 2008 were as follows:

<u>Description</u>	<u>Amount</u>
Underwriters Fee	\$ 1,625,000
Rating Agency	238,500
Legal Fees	259,697
Accountant's Fee	26,489
Other Fees	7,697
Title Insurance	<u>89,036</u>
Total	<u>\$2,246,419</u>

### **Remarketing of \$66.7 million Pollution Control Bonds Due 2034**

On December 31, 2008, \$66.7 million of the City of Forsyth, Montana Pollution Control Revenue Refunding Bonds, Series 1999A (Avista Corporation Colstrip Project) due 2034 were remarketed under existing documentation. Avista Corp. purchased these Pollution Control Bonds and expects that at a later date, subject to market conditions, these bonds will be remarketed to unaffiliated investors or refunded by a new issue. Although Avista Corp. is now the holder of these Pollution Control Bonds, the bonds will not be cancelled but will remain outstanding under the City of Forsyth's indenture. However, so long as Avista Corp. is the holder, the bonds will not be reflected as an asset or a liability on Avista Corp.'s Consolidated Balance Sheet.

### **Issuance of \$17 million Pollution Control Bonds Due 2034**

On December 30, 2008, the City of Forsyth, Montana issued \$17.0 million of its Pollution Control Revenue Refunding Bonds, Series 2008 (Avista Corporation Colstrip Project) due 2034 on behalf of Avista Corp. The proceeds of these bonds were used to refund \$17.0 million of Pollution Control Revenue Refunding Bonds, Series 1999B (Avista Corporation Colstrip Project) issued by the City of Forsyth, Montana on behalf of Avista Corp. These bonds are included in the current portion of long-term debt because they are subject to purchase at any time at the option of the bond holder. Enclosed as Exhibit C, is the Official Statement for the bond issuance.

### Use of Proceeds

The net proceeds were used for replacing maturing debt.

### Level of Expenses

Fees and expenses paid in connection with the issuance of the Pollution Control Bonds were as follows:

<u>Description</u>	<u>Amount</u>
Underwriters Fee	\$ 42,500
Remarketing Fee	25,500
Rating Agency	60,000
Legal Fees	501,767
Accountant's Fee	10,815
Other Fees	11,168
Title Insurance	<u>72,535</u>
Total	<u>\$ 724,285</u>

### **Issuance of \$30 million First Mortgage Bonds Due 2018**

On December 16, 2008, the Company issued \$30.0 million (net proceeds of \$29.9 million) of 7.25 percent First Mortgage Bonds due in 2013. The notes were recorded as long-term debt on the Company's books. Enclosed as Exhibit D, is the Supplemental Indenture for the bond issuance.

### Use of Proceeds

The total net proceeds were used to repay \$25.0 million of medium term notes that matured on December 10, 2008 and repay a portion of the borrowings outstanding under the Company's \$320.0 million committed line of credit.

### Level of Expenses

Fees and expenses paid in connection with the issuance of the 7.25% First Mortgage Bonds through December 31, 2008 were as follows:

<u>Description</u>	<u>Amount</u>
Underwriters Fee	\$ 120,000
Rating Agency	60,000
Legal Fees	227,464
Other Fees	8,096
Title Insurance	<u>72,535</u>
Total	<u>\$448,095</u>

### **Issuances of Common Stock**

The Company has been issuing new shares of common stock for the Dividend Reinvestment Plan, the 401(K) plan and the Long-Term incentive plan. During 2008 a total of 812,683

shares of common stock were issued to the plans. The Company also has an existing periodic offering program where 750,000 shares were issued under during 2008.

#### Use of Proceeds

The total net proceeds of \$11.2 million under the plans were used for capital expenditures.

The total net proceeds under the periodic program of \$16.8 million were used for capital expenditures and other corporate purposes.

#### Level of Expenses

There are no direct fees or expenses paid in connection with the issuance of the Common Stock with regards to these plans through December 31, 2008.

Fees and expenses paid in connection with the issuance of the 750,000 Shares of Common Stock through December 31, 2008 were as follows:

<u>Description</u>	<u>Amount</u>
Underwriters Fee	\$ 167,638
Legal Fees	34,959
Accountant's Fee	<u>23,455</u>
Total	<u>\$ 226,052</u>

#### **Schedule of retired, refunded, repurchased, or otherwise removed**

During 2008, the Company had a total of \$317.86 million of securities that matured. The maturities are made up of \$272.86 million of Senior Notes and \$45 million of Medium-Term Notes.

Senior Notes, \$272.86 million, maturing June 1, 2008.

Medium Term Note – Series A, \$10.0 million, maturing June 3, 2008.

Medium Term Note – Series A, \$10.0 million, maturing June 4, 2008.

Medium Term Note – Series C, \$25 million, maturing December 10, 2008.

#### **Schedule of securities scheduled to mature in the calendar year of 2009**

During 2009, the Company has a total of \$0 million of securities scheduled to mature.