

**Avista Corp.**

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November 6, 2008

David W. Danner, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
Olympia WA 98504-7250

Attention: Mr. David W. Danner, Secretary

Re: Avista Corporation (the Applicant) requests authorization from the Washington Utilities and Transportation Commission (the Commission) to modify the short-term borrowing limits contained in Docket UE-081842 by increasing the limit to \$250,000,000 and amend the fees and borrowing spreads.

Docket No. 081842

The Applicant request that the application under Docket No. 081842 be amended by increasing the request amount from \$225,000,000 to \$250,000,000 and replacing item (2) as follows:

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

The Applicant proposes to enter into various secured or unsecured debt arrangements in a total amount of up to and including \$250,000,000. The Applicant will only enter into transactions where the fees, interest rates and expenses charged or incurred by the Applicant in connection with the transactions are competitive with then-existing market prices for similar transactions. It is anticipated that the Securities would bear a floating interest rate but could also have a fixed interest rate.

The issuance of Securities under the requested authority is anticipated before the end of 2009 and is expected to be in the range of \$150-\$250 million with a term which may exceed 364 days but no more than 3 years, all depending on and subject to then-existing market prices for similar transactions.

Under debt arrangements with financial institutions borrowing margins and facility fees are based upon the Company's senior secured or unsecured long-term debt rating. The Company anticipates that any debt arrangements entered into will be secured. Borrowing under these debt arrangements expected to bear interest at varying rates per annum which would be determined by establishing different base rates plus a spread depending on the type of borrowing option selected by the Company. There would also be an annual facility fee on the entire amounts of the debt arrangements. In, addition there will be upfront fees paid to the financial institutions at the time the debt arrangements are finalized and will be based on the level of credit commitment made by each financial institution.


Current estimated fees and borrowing spreads, based on the Company's current secured debt rating are as follows:

Borrowing Spread:	
LIBOR Margin	200 basis points
Base Rate Margin	200 basis points
Facility Fees	25-50 basis points
Upfront Fees	50-60 basis points

These are estimated fees and borrowing spreads based upon the best available information at the time.

Done at Spokane, Washington this 6th day of November, 2008.

AVISTA CORPORATION

By:   
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Diane C. Thoren  
Assistant Treasurer