

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR AN) CASE NO. AVU-U-06-02
ORDER AUTHORIZING THE OFFERING,)
ISSUANCE AND SALE OF SECURITIES) ORDER NO. 30150
NOT TO EXCEED \$150,000,000)**

On September 22, 2006, Avista Corporation (Avista) filed an Application with the Idaho Public Utilities Commission (Commission) requesting an Order authorizing the offering, issuance and sale by Avista of up to \$150,000,000 of secured, fixed or floating rate bonds, notes and other evidences of indebtedness, including, without limitation, any refunding, extension, renewal or replacement of any of the foregoing (the Securities). The Commission, having fully considered the Application and exhibits attached thereto, and all of the Commission's files and records pertaining to the Application, makes the following findings of fact and conclusions of law, and enters this Order approving Avista's Application.

Avista proposes to receive authorization to offer, issue and sell the Securities, including, without limitation, any refunding, extension, renewal or replacement of any of the Securities. The net proceeds will be used for (a) the improvement or maintenance of its service; (b) the discharge or lawful refunding of its obligations; (c) the reimbursement of moneys actually expended for said purposes from income or from other moneys in the treasury not secured by or obtained from the issue, assumption or guarantee of securities; or (d) any other purpose approved by the Commission or authorized by law. More specifically, Avista anticipates using the proceeds to partially refinance \$170 million of debt maturities in December 2006 and \$150 million that matures January 1, 2007. Avista requests authority to refund, extend, renew or replace the proposed securities to allow for the greatest flexibility in their use.

No person has received or will be entitled to receive from Avista any fee (1) for services in connection with the consummation of the issuance and sale of the above-referenced securities, other than fees for underwriting, private placement, legal, accounting or similar professional or technical services, or (2) for services in securing underwriters, sellers or purchasers of the securities.

Avista is a Washington corporation qualified to do business in the State of Idaho. Avista is a public utility engaged in the generation, purchase, transmission, distribution and sale of electric energy and the purchase, distribution and sale of natural gas. Avista is a gas corporation within the definition of *Idaho Code* § 61-117, an electric corporation within the definition of *Idaho Code* § 61-119, and a public utility within the definition of *Idaho Code* § 61-129. The Commission has jurisdiction over this Application pursuant to the provisions of *Idaho Code* § 61-901, *et seq.* The Commission further finds that the Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure, IDAPA 31.01.01.141-150.

The Commission finds that the proposed issuance is for a lawful purpose and is within Avista's corporate powers. The proposed issuance and redemption of maturing debts provide an opportunity for Avista to reduce borrowing costs and increase flexibility with future refinance options. This debt authority, however, may not be used to fund stock dividends.

The Commission's approval of the issuance is not a finding of fact or a conclusion of law that the particular use to which these funds are to be put is approved by this Order. The issuance of an Order authorizing the proposed issuance does not constitute agency determination/approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination in this case and, therefore, does not determine the effect of issuance on rates to be charged by Avista for gas or electric service to consumers in the State of Idaho. The Commission further finds that the proposed transaction is in the public interest and a formal hearing on this matter is not required. Avista has paid all lawful fees as provided by *Idaho Code* § 61-905.

ORDER

IT IS HEREBY ORDERED that Avista Corporation be, and the same hereby is, authorized to offer, issue and sell up to and including \$150,000,000 in Securities, all as described in the Application filed on September 22, 2006.

IT IS FURTHER ORDERED that Avista is hereby authorized to issue the Securities in the manner and for the purposes described in the Application, except for the issuance of stock dividends, with continuing authority to refund, extend, renew or replace the same without further order of the Commission provided that the fees, interest rates and expenses charged or incurred in connection with any transactions entered into under the authority of the Order, and any

refunding, extension, renewal or replacement thereof, are competitive with market prices for similar transactions.

IT IS FURTHER ORDERED that Avista shall file the terms of the proposed issuance(s) of the Securities and any subsequent changes to the terms with Staff upon issuance. This informational filing should be made seven (7) days, or as soon as possible, prior to the issuance.

IT IS FURTHER ORDERED that Avista shall file, as soon as they become available and update and changes occur, the following:

- (a) The "Report of Securities Issued," and
- (b) Verified copies of any Agreement entered into pursuant to this Order.

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of the Commission with respect to rates, utility capital structure, service accounts, valuation, estimates for determination of cost or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that nothing in this Order and no provisions of Chapter 9, Title 61, Idaho Code, or any act or deed done or performed in connection therewith shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of Chapter 9, Title 61, Idaho Code.

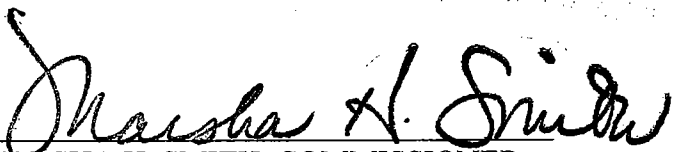
IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of Avista's exhibits or other material accompanying the Application for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 18th
day of October 2006.



PAUL KJELLANDER, PRESIDENT

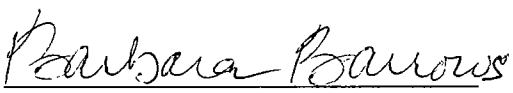


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Barbara Barrows
Assistant Commission Secretary

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