

DECISION MEMORANDUM

**TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF
WORKING FILE**

FROM: TERRI CARLOCK

DATE: OCTOBER 30, 2008

**SUBJECT: AVISTA CORPORATION'S APPLICATION FOR AUTHORITY TO
ISSUE UP TO \$550,000,000 OF DEBT; AMEND CASE NO. AVU-U-08-01**

On October 7, 2008, Avista Corporation (Avista) filed a request for Order No. 30509 to be amended. The requested amendments include an increase in debt authority to \$550 million (from \$350 million), a maximum coupon rate of 8.5% (from 7%), and terms of 5-31 years (from 10-31 years).

Under the original authority, Avista issued \$250 million of First Mortgage Bonds for a 10-year term at 5.95% on April 3, 2008. The ongoing need to meet capital expenditures and the current debt markets prompt Avista to seek the requested amendments. All other terms and filing requirements set forth in Order No. 30509 will be continuing and binding. This requested authority would allow issuance without further order from the Commission to provide the greatest level of flexibility and opportunity to issue when the market is favorable.

STAFF RECOMMENDATION

Staff recommends approval of the proposed amendments to Order No. 30509. Staff also recommends the authority under this approval be continuing with all other terms and reporting requirements remaining in force.

COMMISSION DECISION

Does the Commission wish to approve the requested amendments to increase the authority to \$550 million with a maximum coupon rate of 8.5% and a term of 5-31 years?

Terri Carlock

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