

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
AVISTA CORPORATION FOR AN ORDER) CASE NO. AVU-U-08-02
AUTHORIZING THE OFFERING, ISSUANCE)
AND SALE OF SECURITIES NOT TO EXCEED)
\$225,000,000.) ORDER NO. 30673
)**

On October 10, 2008, Avista Corporation dba Avista Utilities filed an Application for an Order authorizing Avista to offer, issue and sell up to \$225,000,000 of secured debt arrangements. Having fully considered the Application and accompanying workpapers, the Commission enters this Order approving Avista's Application.

THE APPLICATION

Avista requests 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) construction, facility improvement, and maintenance programs; (b) to retire or exchange one or more outstanding stock, bond, or note issuances; (c) to reimburse the treasury for funds previously expended; or (d) any other purpose approved by the Commission or authorized by law. More specifically, Avista anticipates using the proceeds to maintain liquidity and refinance debt maturities. Avista has \$25,000,000 of debt maturities in December 2008 and a mandatory put of \$83,700,000 of pollution control bonds on December 20, 2008. In addition, \$60,000,000 of trust preferred securities may be optionally redeemed in March 2009. Avista requests authority to issue, redeem and reissue securities under this authority without further Commission approval to allow additional flexibility.

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.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

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.

Avista has paid all lawful fees as provided by *Idaho Code* § 61-905.

The Commission further finds that the proposed transaction is in the public interest and a formal hearing on this matter is not required.

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 provides 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.

O R D E R

IT IS HEREBY ORDERED that Avista Corporation's Application to offer, issue and sell up to \$225,000,000 in debt securities is granted.

IT IS FURTHER ORDERED that Avista is 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 this 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 as changes occur, the following:

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

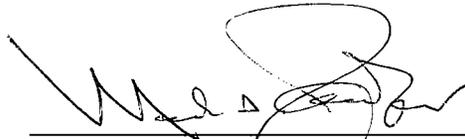
IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of the Commission with respect to rates, utility capital structure, service accounts, valuation, estimates for determination of cost or any other matter which may come before this Commission pursuant 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 6th
day of November 2008.



MACK A. REDFORD, PRESIDENT

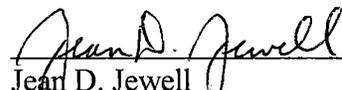


MARSHA H. SMITH, COMMISSIONER



JIM D. KEMPTON, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:AVU-U-08-02_ks