

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF AVISTA CORPORATION FOR AN)	CASE NO. AVU-U-11-01
ORDER AUTHORIZING THE OFFERING,)	
ISSUANCE AND SALE OF SECURITIES)	ORDER NO. 32338
NOT TO EXCEED \$450,000,000)	

On June 28, 2011, Avista Corporation applied to the Idaho Public Utilities Commission under *Idaho Code* §§ 61-901 and 61-902 for an Order authorizing Avista to offer, issue, and sell up to \$300,000,000 of debt securities. On August 12, 2011, Avista amended its Application to ask the Commission to increase the upper limit of authorized debt securities to \$450,000,000. The original and amended Applications are collectively called the “Application” in this Order.

The Commission, having fully considered Avista’s Application and attached exhibits, and all records pertaining to the Application, makes the following findings of fact and conclusions of law, and enters this Order approving the Application.

THE APPLICATION

Avista requests authority to issue debt securities as secured or unsecured instruments, at a fixed or floating rate with maturities from 9 months to 35 years. Any secured debt issued will be First Mortgage Bonds with a lien under the Mortgage and Deed of Trust.

Avista proposes that the Commission authorize it to offer, issue and sell debt security under *Idaho Code* § 61-901, and use the resulting net proceeds to: (a) acquire property; (b) construct, complete, extend, or improve its facilities; (c) improve or maintain its service; (d) discharge or lawfully refund its obligations; (e) reimburse 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 (f) for any other purpose approved by the Commission. Issuances under the requested authority provide an opportunity for Avista to reduce overall borrowing costs and increase flexibility with future refinancing options.

The Company requests authority to issue, refund, extend, renew or replace indebtedness under the credit facility without further Commission approval. The Shelf Authority would be continuing provided the senior secured debt has investment grade ratings from at least

two nationally recognized rating agencies. The issuance would allow the Company greater flexibility to manage its daily cash funds and reduce borrowing costs, thereby permitting the Company to better manage its debt and capital in a more efficient and cost effective manner.

Avista states that no person has received or will be entitled to receive from Avista any fee (1) for services in connection with 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

The Commission finds that Avista is a Washington corporation that is qualified to do business in Idaho. The Company 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. The Company 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), and that Avista has paid all fees required by *Idaho Code* § 61-905.

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.

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 or 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.

ORDER

IT IS HEREBY ORDERED that Avista Corporation's Application is granted; the Company is hereby authorized to offer, issue and sell up to and including \$450,000,000 in debt securities as described in the Application.

IT IS FURTHER ORDERED that Avista is hereby authorized to issue the securities in the manner and for the purposes described in the Application, 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 and the senior secured debt has investment grade ratings (BBB-/Baa3) from at least two nationally recognized rating agencies.

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 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 if any 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 (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. AVU-U-11-01 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this case. 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 25th day of August 2011.



PAUL KJELLANDER, PRESIDENT

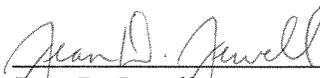


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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