

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )  
AVISTA CORPORATION FOR AN ORDER ) CASE NO. AVU-E-03-3  
AUTHORIZING THE OFFERING, ISSUANCE )  
AND SALE OF SECURITIES NOT TO EXCEED )  
\$150,000,000. ) ORDER NO. 29266  
\_\_\_\_\_ )**

Avista Corporation (Avista) filed an Application on May 15, 2003 requesting authority to offer, issue and sell up to \$150,000,000 of secured or unsecured, fixed or floating rate bonds, notes and other indebtedness. This request also includes any assumption of any obligation or liability as guarantor, indorser, surety or otherwise in respect to the securities of any other person, firm, corporation, or affiliate of Avista, and any refunding, extension, renewal or replacement of any of the foregoing securities (hereinafter called the "Securities").

The Commission, having fully considered the Application, its files and records relating to this Application and the applicable laws and rules, grants Avista's Application. The Commission also exchanges the remaining unissued debt authority of \$141,000,000 under Order No. 27153, Case No. WWP-U-97-1, for the requested authority of \$150,000,000.

**FINDINGS OF FACT**

Avista Corporation is a Washington corporation qualified to do business within the State of Idaho and 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 requests authorization to offer, issue and sell certain secured or unsecured bonds, notes and other evidences of indebtedness, including, without limitation, assumption of any obligation or liability as guarantor, indorser, surety or otherwise in respect to the securities of any other person, firm, corporation, or affiliate of Avista, and any refunding, extension, renewal or replacement of any of the foregoing Securities.

According to the Application, the proceeds will be used for one or more of the following purposes: (a) the acquisition of property, or the construction, completion, extension or improvement of its facilities; (b) the improvement or maintenance of service; (c) the issuance of stock dividends; (d) the discharge or refunding of its obligations; (e) the reimbursement of

moneys actually expended from income or from the treasury of Avista; or (f) for other purposes permitted by law. Avista notes that its capital expenditure program requires a combination of internally generated cash and external financing. Beginning in March 2003, \$71,250,000 of debt maturities must be refinanced in the next nine months. Avista anticipates using the proceeds from the issuance of the Securities to refinance debt maturities and to repay funds borrowed under its corporate credit facility. Avista's capital expenditure program is initially funded under its corporate credit facility. Capital expenditures are expected to be \$99,000,000 and \$100,000,000 in 2003 and 2004, respectively.

While no specific transactions are presently pending or contemplated under the proposed authority, Avista indicates that it will only enter into transactions where the fees, interest rates and expenses charged or incurred in connection with the transactions, and any refunding, extensions, renewals or replacements thereof, are competitive with then-existing market prices for similar transactions. The first issuance of debt securities under the requested authority is anticipated before the end of 2003 and could be in the range of \$45-\$50,000,000 with a 5-30 year term and an interest rate ranging from 4.5% to 8%, depending on and subject to then-existing market prices for similar transactions.

In support of the proposed issuance of the Securities, Avista states that it is amenable to the Commission prospectively limiting certain existing debt authority to that amount already issued in Order No. 27153, Case No. WWP-U-97-1, which currently authorizes Avista to issue \$250,000,000 in principal amount of unsecured debt securities (Series C Unsecured Medium Term Notes). To date, Avista has issued only \$109,000,000 of unsecured debt under this authority, leaving a balance of \$141,000,000 remaining unissued. If necessary, Avista states that it is willing to exchange the unissued balance of debt authority in Order No. 27153, Case No. WWP-U-97-1 for new authorization for Avista to issue up to \$150,000,000 in aggregate principal amount of the Securities as described in this Application.

Avista further notes that no person has received or will be entitled to receive any fee for services in connection with the consummation of the issuance and sale of the Securities, other than fees for legal, accounting or similar professional or technical services. Avista also states that no person has received or will be entitled to receive any fee for services in securing underwriters, sellers or purchasers of these Securities.

## CONCLUSIONS OF LAW

The Commission finds that 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. Therefore, 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. However, this is only a general approval and 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 would serve no public purpose.

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 \$150,000,000 in Securities as described in the Application filed on May 15, 2003.

IT IS FURTHER ORDERED that the remaining unissued debt authority of \$141,000,000 under Order No. 27153, Case No. WWP-U-97-1 is hereby exchanged for the requested authority of \$150,000,000.

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 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 Securities issuance(s) with Staff prior to 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, the following:

(a) The “Report of Securities Issued” including a verified statement setting forth in reasonable detail the balance issued and disposition of the proceeds; 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.

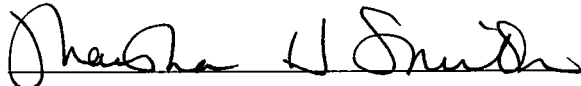
IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of Avista’s exhibits or other material accompanying the Application for any purpose other than the issuance of this Order.

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-E-03-3 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 No. AVU-E-03-3. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

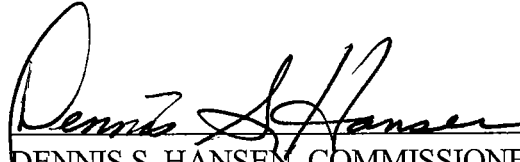
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 12<sup>th</sup>  
day of June 2003.



PAUL KJELLANDER, PRESIDENT



MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean Jewell  
Commission Secretary

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