

Avista Corp.
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Spokane, Washington 99220-3727
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IDAHO PUBLIC
UTILITIES COMMISSION

December 5, 2005

State of Idaho
Idaho Public Utilities Commission
Statehouse
Boise ID 83720

AVU-U-05-02

Attention: Myrna Walters, Secretary

Transmitted herewith are one executed and two conformed copies of an application for approval of security issuance. The application contains as much information as is presently known. If other applicable data or documents become available, they will be forwarded to your attention. A check in the amount of \$1,000.00, the maximum fee is coming under separate cover.

The Company requests to receive an Order of Approval from the Commission by January 12, 2006. When complete, please send one (1) executed copies of the Order of Approval to:

Diane C. Thoren
Assistant Treasurer
Avista Corporation
East 1411 Mission Avenue
Spokane WA 99202-2600

If any questions arise or additional information is needed, please do not hesitate to contact Paul Kimball at 509-495-4584.

Sincerely,

A handwritten signature in cursive script that reads "Diane Thoren".

Diane Thoren
Assistant Treasurer

Enclosures

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of)
AVISTA CORPORATION for an Order authorizing)
the offering, issuance and sale of Common Stock)
under its Periodic Offering Program and its)
Long-Term Incentive Plan)

CASE NO. AVU-0-05-02

Application is hereby made to the Idaho Public Utilities Commission under the provisions of Section 61-901 and 61-902, Idaho Code (Laws of 1951, Chapter 143) for an Order authorizing offering, issuance and sale by Avista Corporation (hereinafter called "Applicant") of up to 7,000,000 shares of authorized but unissued Common Stock, without par value, ("Common Stock") under both the applicants Periodic Offering Program (2,000,000) and its Long-Term Incentive Plan (5,000,000).

The following information and specific exhibits are furnished in support thereof:

(a) Name and address of principal business office:

Avista Corporation
1411 East Mission Avenue
Spokane WA 99202-2600

Name of representative for service:

Diane C. Thoren, Assistant Treasurer

(b) State and date of incorporation:

Incorporated Washington Territory (now the State of Washington) on March 15, 1889. The term of incorporation is perpetual.

States in which qualified to do business:

Washington, Idaho, Montana, and Oregon.

(c) General description of business, property, and territory served:

The Applicant is a public utility which owns and operates property in Eastern Washington, Northern Idaho, Western Montana, Central & Southwest Oregon.

Applicant is engaged in the generation, transmission, distribution, and sale of electric energy, which it sells at retail to approximately 330,000 residential, commercial, and industrial customers in Eastern Washington and Northern Idaho, and at wholesale to public utilities, municipalities and others. Its electric properties are operated as a unified system and are interconnected with adjacent electric utilities. The electric energy sold by the Applicant is generated in power stations which it owns in whole or in part or obtained by purchase or exchange from other utilities and governmental agencies.

Natural gas is distributed and sold to approximately 285,000 residential, commercial and industrial customers in Eastern Washington, Northern Idaho, and Central & Southwest Oregon.

(d) Description of securities, indebtedness or liabilities:

Pursuant to Rule 142 of the Rules of Practice and Procedure, the Applicant hereby Files the application filed with the Washington Utilities and Transportation Commission as Exhibit "D-1" in lieu of the application required by Rule 141. Applicant further states that:

- (1) Applicant has published or will have published within seven days of the date of filing this Application a notice in those newspapers listed in Rule 24.19 of the Rules of Practice and Procedure of the Idaho Public Utilities Commission that are in general circulation in Applicant's service area.

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IDAHO PUBLIC UTILITIES COMMISSION

(2) Proposed Order of Applicant is filed herewith as Exhibit "D-2".

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the matter of the request of AVISTA CORPORATION for an order establishing compliance with Chapter 80.08 RCW	}	Amended Application
	}	Docket No.

Avista Corporation (hereinafter called "Applicant") hereby requests the Washington Utilities and Transportation Commission to enter a written order establishing that the proposed offering, issuance and sale by the Applicant of up to 7,000,000 authorized but unissued shares of its Common Stock under both a periodic offering program (2,000,000) and the Applicant's Long-Term Incentive Plan (5,000,000) is in compliance with the requirements of Chapter 80.08 RCW.

The following information is furnished in support of this application, in accordance with the requirements of RCW 80.08.040:

(1) A Description of the Purposes for Which the Issuance is Made, Including a Certification By an Officer Authorized To Do So That the Proceeds From Any Such Securities Are For One Or More of the Purposes Allowed By Chapter 80.08 RCW.

The Applicant will use the proceeds from the proposed offerings, issuance and sale of Common Stock for one or more of the following purposes: (a) The acquisition of property, or the construction, completion, extension, or improvement of its facilities, or (b) the improvement or maintenance of service, or (c) the issuance of stock dividends, or (d) the discharge or refunding of its obligations, or (e) the reimbursement of moneys actually expended from income or from the treasury of the Applicant to the extent permitted by RCW 80.08.030, or (f) for other purposes permitted by law.

The Applicant will utilize the proceeds of the proposed Common Stock offerings for lawful purposes as outlined in RCW 80.08.030.

The undersigned certifies that she has read the foregoing information with respect to proposed use of funds and knows the contents thereof and that the same are true to the best of her own knowledge or belief.

Done at Spokane, Washington this 5th day of December, 2005.

By: /s/ Diane C. Thoren
Diane C. Thoren
Assistant Treasurer

(2) A Description of the Proposed Issuance Including the Terms of Financing.

Periodic Offering Program

The Applicant proposes to issue up to 2,000,000 shares of authorized but unissued Common Stock, without par value, ("Common Stock") under a periodic offering program. Since the new shares of Common Stock are expected to be issued from time to time and such issuances and sales are dependent upon factors such as market conditions and investor demand, the Applicant is not now able to specify the price at which the Common Stock will be sold.

The Applicant proposes to issue the Common Stock from time to time through one or more agents. The agents will assist the Applicant with the marketing and distribution of new shares of Common Stock pursuant to an arrangement under which the new shares would be sold in one or more methods of offering determined by such agents, all in accordance with the terms of sales agency agreements. The new shares will be offered to the public after a registration statement relating to the new shares is declared effective and any other applicable requirements satisfied. The agents selected by the Applicant will have experience in marketing securities similar to the Common Stock, are expected to be familiar with the Applicant and the Applicant's long-term financing goals. The agents will assist the Applicant in evaluating market conditions and in formulating the terms and timing of the issuances.

The Applicant proposes that Common Stock issued and sold under a periodic offering program will be subject to the following pricing limitations: the price received by the Applicant, before agent commission, will not be less than \$0.25 below the last price at which the Applicant's Common Stock was reported in the record of composite quotations published in The Wall Street Journal on the trading day immediately preceding the day for the fixing of such price, and will also not be less than 100% of the book value per share of the Applicant's Common Stock as of the last day of the most recently ended calendar quarter.

Long-Term Incentive Plan

The Applicant proposes to issue up to 5,000,000 shares of authorized but unissued Common Stock under its Long-Term Incentive Plan ("LTIP"). The Applicant has issued awards under the LTIP and is currently using open market purchases to fulfill its obligations under the LTIP. Prior to January 2005, the Applicant maintained both a Long-Term Incentive Plan and a 2000 Non-officer Employee Long-Term Incentive Plan. Both of those plans have been merged into the Applicant's LTIP, and awards outstanding under the prior plans have been assumed by the LTIP. Starting January 1, 2006, the Applicant would like the flexibility to issue either authorized but unissued shares of Common Stock or use open market purchases of issued and outstanding shares of Common Stock to fulfill its obligations under the LTIP.

The LTIP is administered by the Board of Directors of the Applicant or a committee or committees appointed by, and consisting of two or more members of the Board of Directors of the Applicant. To the extent consistent with applicable law, the Board of Directors may authorize one or more senior executive officers of the Applicant to grant awards to designated classes of eligible employees within the limits prescribed by the Board of Directors.

Awards under the LTIP may include, but are not limited to, incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, performance awards, other stock-based awards and dividend equivalent rights. Awards may be granted singly, in combination or in tandem so that the settlement or payment of one automatically reduces or cancels the other. Awards may also be made in combination or in tandem with, as alternatives to, or as the payment form for, grants or rights under any other employee or compensation plan of the Applicant

(3) Statement As To Why The Transaction Is In the Public Interest.

The Applicant is committed to improving the common equity ratio of its capital structure and having the ability to issue authorized but unissued common stock under a periodic offering program and the LTIP will aid the Applicant in meeting its goal. In addition, issuing common stock under the periodic offering program is a more cost effective manner of issuing stock than large underwritten offerings. The requested authority also allows the Applicant additional flexibility in managing its funds. Finally, as to the LTIP, issuing common stock rather than purchasing in the open market reduces the cash requirements necessary to fulfill the obligations under the plan.

(4) Text of a Draft Order Granting Applicant's Request for an Order.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the matter of the request of)	Docket No. _____
AVISTA CORPORATION)	
for an order establishing compliance)	ORDER
with Chapter 80.08 RCW)	

On December 7, 2005, Avista Corporation ("Applicant") filed its application before the Washington Utilities and Transportation Commission in this matter for an order establishing that a proposed offering, issuance and sale by the Applicant of up to 7,000,000 authorized but unissued shares of its Common Stock under both a periodic offering program and the Applicant's Long-Term Incentive Plan is in compliance with the requirements of Chapter 80.08 RCW.

Background

On December 7, 2005, the Applicant, filed an application with the Commission under the provisions of Chapter 80.08 RCW for an order establishing compliance with the requirements of that statute in connection with the Applicant's proposed offering, issuance and sale of Common Stock for purposes permitted by law, in forms necessary or convenient to its operations, in a total amount of up to and including 7,000,000 authorized but unissued shares.

The Applicant has filed certain information with the Commission as required under RCW 80.08.040 and has requested the Commission to enter an order that the Applicant and the proposed offering, issuance and sale of Common Stock by the Applicant is in compliance with the requirements of Chapter 80.08 RCW.

FINDINGS

THE COMMISSION FINDS:

1. The Applicant, Avista Corporation, a Washington corporation, is a public service company subject to the jurisdiction of this Commission under the provisions of Chapter 80.08 RCW.
2. As to form, the application herein meets the requirements of Chapter 80.08 RCW and the rules and regulations of the Commission adopted pursuant thereto.
3. The application in this Docket contains (a) a description of the purposes for which the proposed securities will be issued along with certification by an authorized officer that the proceeds from this financing will be used for the purpose allowed by Chapter 80.08 RCW; (b) a description of the proposed issuance, including the terms of financing; and (c) a statement as to why the proposed transactions are in the public interest.
4. An order finding the application and the proposed offering, issuance and sale of Common Stock by the Applicant is in compliance with the requirements of Chapter 80.08 RCW should be entered.

ORDER

THE COMMISSION ORDERS:

1. The application filed by Avista Corporation, and the proposed offering, issuance and sale of Common Stock by Avista Corporation as described in the application is in compliance with the requirements of Chapter 80.08 RCW.
2. Avista Corporation shall file, as soon as available:
 - a. The Report of Securities Issued required by WAC 480-146-230.
 - b. Verified copies of any agreement entered into in connection with any transaction pursuant to this order.
3. This order shall in no way affect the authority of this Commission over rates, service, accounts, valuations, estimates or determination of costs, or any matters whatsoever that may come before it, nor shall anything herein be construed as an acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.

DONE at Olympia, Washington, and effective this day of , 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Carole J. Washburn
Secretary

Wherefore, the undersigned, an authorized agent of the Applicant, requests that the Washington Utilities and Transportation Commission issue its order affirming that the applicant has complied with the requirements of RCW 80.08.040.

The undersigned certifies, under penalties of perjury as provided in RCW 9A.72.085, that she has read the foregoing application and knows the contents thereof and that the same are true to the best of her own knowledge or belief.

Done at Spokane, Washington this 5th day of December, 2005.

AVISTA CORPORATION

By: /s/ Diane C. Thoren
Diane C. Thoren
Assistant Treasurer

PROPOSED ORDER OF APPLICANT

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of)
AVISTA CORPORATION for an Order authorizing)
the offering, issuance and sale of Common Stock)
under its Periodic Offering Program and its)
Long-Term Incentive Plan)

CASE NO. _____

ORDER NO. _____

On December 5, 2005, Avista Corporation (hereinafter called "Applicant") filed an Application with the Idaho Public Utilities Commission for an Order authorizing the offering, issuance and sale by the Applicant of up to 7,000,000 shares of authorized but unissued Common Stock, without par value, ("Common Stock") under its Periodic Offering Program and its Long-Term Incentive Plan.

The Commission, having fully considered the Application and exhibits attached thereto, and all of the Commission's files and records pertaining to this Application, now makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

Avista Corporation is a Washington corporation qualified to do business within the State of Idaho. The Applicant 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 Applicant proposes to receive authorization to offer, issue and sell authorized but unissued Common Stock, without par value, ("Common Stock") under its Periodic Offering Program and its Long-Term Incentive Plan.

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.

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

CONCLUSIONS OF LAW

The Applicant is an electric corporation within the definition of Idaho Code § 61-119 and a public utility within the definition of Idaho Code § 61-129.

The Idaho Public Utilities Commission has jurisdiction over this application pursuant to the provisions of *Idaho Code* § 61-901 et seq., and the Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure (IDAPA 31.01.01.141-150).

The proposed offering, issuance and sale of the Common Stock is for a lawful purpose and are within Applicant's corporate powers. The proposed transaction is in the public interest, and a formal hearing on this matter would serve no public purpose.

All lawful fees have been paid by Applicant as provided by *Idaho Code* § 61-905.

ORDER

IT IS THEREFORE ORDERED that Avista Corporation be, and the same hereby is, authorized to offer issue and sell the Common Stock as described in the application.

IT IS FURTHER ORDERED that the Applicant is hereby authorized to issue the Common Stock in the manner and for the purposes described in the application.

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 or determination of costs 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 the Applicant'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 _____ day of _____, 2005.

DENNIS S. HANSEN, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

PAUL KJELLANDER, COMMISSIONER

ATTEST:

Myrna J. Walters
Commission Secretary

