

**Avista Corp.**  
1411 East Mission PO Box 3727  
Spokane, Washington 99220-3727  
Telephone 509-489-0500  
Toll Free 800-727-9170

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PUBLIC UTILITIES COMMISSION



April 7, 2006

State of Idaho  
Idaho Public Utilities Commission  
Statehouse  
Boise ID 83720

AVU-U-06-01

Attention: Jean D. Jewell, 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 May 15, 2006. When complete, please send one (1) executed copy 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 )  
\_\_\_\_\_ )

CASE NO. AVU-U-06-01

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 the offering, issuance and sale by Avista Corporation (hereinafter called "Applicant") of up to 5,000,000 shares of authorized but unissued Common Stock, without par value, ("Common Stock"), from time to time, utilizing one or more potential methods, including but not limited to, periodic offering programs, direct sales or underwritten transactions. The requested authority is in addition to the authority previously granted by the Idaho Public Utilities Commission for the offering, issuance and sale of up to 2,000,000 shares of Common Stock under a periodic offering program in Order No. 29947, entered January 10, 2006, in Case No. AVU-U-05-02.

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.

The Applicant is engaged in the generation, transmission, distribution, and sale of electric energy, which it sells at retail to approximately 338,000 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.

The Applicant is also engaged in the distribution and sale of natural gas to approximately 297,000 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:

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

[insert form of Washington application]

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 )

CASE NO. \_\_\_\_\_  
ORDER NO. \_\_\_\_\_

On April 7, 2006, 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 5,000,000 shares of authorized but unissued Common Stock, without par value, ("Common Stock"), from time to time, utilizing one or more potential methods, including but not limited to, periodic offering programs, direct sales or underwritten transactions.

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"), from time to time, utilizing one or more potential methods, including but not limited to, periodic offering programs, direct sale or underwritten transactions.

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 for services in connection with the consummation of the issuance and sale of the above-referenced Common Stock, other than fees (1) 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 \_\_\_\_\_, 2006.

\_\_\_\_\_  
PAUL KJELLANDER, PRESIDENT

\_\_\_\_\_  
MARSHA H. SMITH, COMMISSIONER

\_\_\_\_\_  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

\_\_\_\_\_  
Jean Jewell  
Commission Secretary





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UTILITIES COMMISSION

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 )  
UTILITIES COMMISSION )  
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 5,000,000 authorized but unissued shares of its Common Stock, from time to time, is in compliance with the requirements of Chapter 80.08 RCW. The requested authority is in addition to the authority previously granted by the Washington Utilities and Transportation Commission for the offering, issuance and sale of up to 2,000,000 shares of Common Stock under a periodic offering program in Order No. 01, entered December 28, 2005, in Docket No. UE-051895.

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

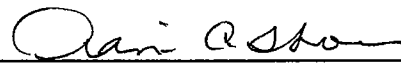
**(1) A Description of the Purposes for Which the Issuance is Made, Including a Certification By an Officer Authorized To Do So That the Proceeds From Any Such Securities Are For One Or More of the Purposes Allowed By Chapter 80.08 RCW.**

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 the 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 7th day of April, 2006.

By:   
Diane C. Thoren  
Assistant Treasurer

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

The Applicant proposes to offer, issue and sell up to 5,000,000 shares of authorized but unissued Common Stock, from time to time, utilizing one or more potential methods, including but not limited to, periodic offering programs, direct sales or underwritten transactions. 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 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.

**Periodic Offering Programs**

In any periodic offering programs, the Applicant proposes to issue the Common Stock from time to time through one or more agents. The agents will assist Applicant with the marketing and distribution of shares of Common Stock pursuant to an arrangement under which the 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 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 issuance.

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.

**Direct Sales**

In any direct sales, the Applicant proposes to issue the Common Stock from time to time in one or more direct sales specifically negotiated with purchasers interested in larger blocks of Common Stock.

**Underwritten Transactions**

In any underwritten transactions, one or more underwriters will assist Applicant with the marketing and distribution of shares of Common Stock pursuant to an arrangement under which the shares would be sold in one or more methods of offering determined by such underwriter(s), all in accordance with the terms of an underwriting agreement. Such methods could include ordinary brokerage transactions, block transactions in accordance with the rules of the New York Stock Exchange, offerings off the floor of such exchange, any combination of such methods or any other method determined by such underwriter(s) with the approval of the appropriate Officers of the Applicant. The underwriter(s) 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 underwriter(s) will assist the Applicant in evaluating market conditions and in formulating the terms and timing of any issuances.

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

The requested authority allows the Applicant to reduce its debt to equity ratio over time by issuing additional Common Stock and thus will strengthen its balance sheet. The Applicant has an anticipated capital expenditure program in excess of \$450 million over the next three years. Additionally, debt and preferred stock in excess of \$550 million matures in that same timeframe. Issuing common equity will provide flexibility in meeting these obligations. Accordingly, Applicant believes the requested authority is consistent with the public interest and necessary or appropriate for or consistent with the proper performance by the Applicant of service as a public utility.

**(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
<u>with Chapter 80.08 RCW</u>	)	

On April 7, 2006, 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 5,000,000 authorized but unissued shares of its Common Stock, from time to time, is in compliance with the requirements of Chapter 80.08 RCW.

## Background

On April 7, 2006, 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, from time to time, for purposes permitted by law, in forms necessary or convenient to its operations, in a total amount of up to and including 5,000,000 authorized but unissued share of Common Stock.

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

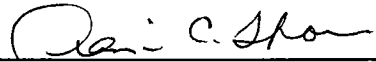
Carole J. Washburn  
Secretary

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 7th day of April, 2006.

AVISTA CORPORATION

By:   
\_\_\_\_\_  
Diane C. Thoren  
Assistant Treasurer

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IDAHO PUBLIC UTILITIES COMMISSION

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 5,000,000 shares )  
of Common Stock )

CASE NO. \_\_\_\_\_

ORDER NO. \_\_\_\_\_

On April 7, 2006, 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 5,000,000 of authorized but unissued shares of Common Stock.

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**

Applicant 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 up to 5,000,000 of authorized but unissued shares of Common Stock.

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 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.

### **CONCLUSIONS OF LAW**

The Commission finds that Applicant is a gas corporation within the definition of 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 31.01.141-150.

The Commission finds that the proposed issuance is for a lawful purpose and is within Applicant'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 Applicant 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. Applicant has paid all lawful fees as provided by Idaho Code § 61-905.

### **ORDER**

IT IS HEREBY ORDERED that Applicant be, and the same hereby is, authorized to offer, issue and sell up to and including 5,000,000 authorized but unissued shares of Common Stock, all as described in the Application filed on April 7, 2006.

IT IS FURTHER ORDERED that Applicant 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 Applicant shall file, as soon as they become available and update when 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 payor 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 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 (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. A VU- -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. A VU- - 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 \_\_\_\_\_, 2006.

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PAUK KJELLANDER, PRESIDENT

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MARSHA H. SMITH, COMMISSIONER



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DENNIS S. HANSEN, OMMISSIONER

ATTEST:

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Jean D. Jewell

Commission Secretary