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AVISTA Corp.

September 29, 2010

Commission Filing Center
Public Utilities Commission of Oregon
550 Capital Street, N.E.
Salem, OR 97310-1380

Re: Avista Corporation Application UF 4253

Avista Corporation (hereinafter called "Applicant") hereby requests the Public Utilities Commission of Oregon amend the UF-4253 filing made on October 10, 2008, to extend the authority of the Applicant for the sale by the Applicant of up to $83,700,000 in connection with the refunding or conversion of certain obligations related to pollution control bonds issued by the City of Forsyth, Montana, the proceeds of which have been loaned to the Applicant. Therefore, in accordance with OAR 860-27-0030 and -0043, Applicant respectfully requests the following changes to section (i) and (k):

(i) Detailed Description of the Proposed Transaction. On December 30, 2008, the Applicant re-issued/refunded the $17,000,000 series of pollution control revenue bonds (PCRBs). This series of PCRBs were issued as Variable Rate Demand Notes that had a letter of credit providing a credit enhancement. The fees for this issuance were as follows:

Legal and other fees	$802,400
Letter of Credit Fees	203,500
Misc	1,800

Due to the cost of renewing the letter of credit at the end of 2009, the Applicant found it appropriate to repurchase the $17 million series. The Applicant repurchased the $66.7 million series at the end of 2008 and didn't refund in 2009. Currently, the Applicant is the bondholder of the both series totaling $83,700,000 and funded these repurchases with short-term borrowings. The Applicant plans to reissue/refund both series to maintain adequate liquidity. The terms, provisions, conditions, including the interest rates; whether fixed or variable (see Exhibit A), credit enhancement and/or liquidity support, in connection with the issuance and sale of these bonds will be determined at the time of issuance. The company may, depending on market conditions and liquidity needs, repurchase and re-issue these bonds throughout their remaining life to final maturity in 2032 and 2034.

I. Fixed-Rate

Fixed rate is a set coupon locked in a certain period of more than nine months up to their final maturity. The index used for pricing fixed rate tax-exempt bonds is the Municipal Market Data (MMD). The MMD is the equivalent of treasury notes or bonds for the taxable market. The overall coupon rate is the appropriate MMD index plus a credit spread (Exhibit A). If the bonds are fixed they could be unsecured or secured. If they are secured the Applicant may issue by First Mortgage Bonds (FMBs). FMBs are issued and delivered as non-transferable in order to provide the benefit of the lien of the Mortgage and Deed of Trust, dated as of June 1, 1939, as heretofore amended and supplemented, as security for the bonds. The FMBs will mature on the expiration date of the interest rate or the final maturity of the PCRBs. The maximum aggregate principal amount of the FMBs to be issued will be $83,700,000 collectively.

II. Variable Rate Demand Notes (VRDNs).

VRDNs interest rates reset periodically, such as daily, weekly, monthly, quarterly, semi-annually or annually, at the election of the Applicant at the time of issuance. The index used for pricing VRDNs is the Securities Industry and Financial Markets Association index (SIFMA). SIFMA is used for the tax exempt debt and is the equivalent of treasury bills or notes, LIBOR, or commercial paper for the taxable market. The majority of VRDNs are secured by direct pay letters of credit. The all in rate will not exceed 8%. If the Applicant chooses to secure one or both of the series with direct pay letters of credit the Applicant would chose a bank to issue the direct pay letter of credit. The Letter of Credit bank would provide the direct-pay letter of credit, which will have a shorter tenor than the final maturity of the bonds, but will contain renewal or substitution provisions. The Trustee and the Applicant will receive interest rates from a Remarketing Agent. The trustee then calculates the interest due, draws on the LC and delivers payment to investors via the Depository Trust Company ("DTC") book-entry system. Bondholders are paid principal and interest via draws on the LC, which are in turn reimbursed to the Bank by the Applicant that same day. Since all payments are made by and guaranteed by the Letter of Credit bank, the bonds carry the same rating as the Letter of Credit Provider. This leveraging of the Letter of Credit bank's credit rating reduces interest rates and increases demand. If the Applicant issues VRDNs secured by a direct pay letter of credit it could be secured by the Applicant's FMBs. The amount of the letter of credit and the related FMBs is equal to the principal amount of the bonds plus a certain number of days of interest.

(k) Total Amount and Net Proceeds: The estimated net proceeds are equal to $83,700,000 less the underwriter's, bank's or agent's commissions, and any other issuance costs that occur during this refunding/reissuance. Compensation to any underwriter, bank or agent for their services or any other technical support/service provided in connection with the handling of the Bonds is not expected to exceed 2.5% for each series' reissuance/refunding. The following tables are estimates of cost for fixed rate or variable rate issuances:

Fixed Rate Estimated Total Issuance Fees and Expenses

$66,700,000 Series Maturing 2032:

Type of Expense	Range
Underwriters	$500,000 to $700,000
Legal	200,000 to 400,000
Rating Agency	80,000 to 100,000
Accounting	50,000 to 75,000
Trustee Fees	10,000 to 15,000
Printing	20,000 to 30,000
Miscellaneous	30,000 to 60,000
Total	**$890,000 to $1,380,000**

$17,000,000 Series Maturing 2032:

Type of Expense	Range
Underwriters	$145,000 to $300,000
Legal	50,000 to 75,000
Rating Agency	70,000 to 85,000
Accounting	10,000 to 25,000
Trustee Fees	7,000 to 10,000
Printing	10,000 to 25,000
Miscellaneous	5,000 to 20,000
Total	**$297,000 to $540,000**

Variable Rate Demand Notes Estimated Issuance Fees and Expenses[1]:

$66,700,000 Series Maturing 2032:

Type of Expense	Range
Underwriting Fee	$250,000 to $350,000
Legal	200,000 to 400,000
Rating Agency	80,000 to 100,000
Accounting	50,000 to 75,000
Trustee Fees	10,000 to 15,000
Printing	20,000 to 30,000
Miscellaneous	30,000 to 60,000
Total	**$640,000 to $1,030,000**

$17,000,000 Series Maturing 2032:

Type of Expense	Range
Underwriting Fee	$65,000 to $85,000
Legal	50,000 to 75,000
Rating Agency	70,000 to 85,000
Accounting	10,000 to 25,000
Trustee Fees	7,000 to 10,000
Printing	10,000 to 25,000
Miscellaneous	5,000 to 20,000
Total	**$217,000 to $325,500**

First Mortgage Bonds Estimated Issuance Fees and Expenses [2]:

Type of Expense	Range
Legal	$50,000 to $140,000
Title Insurance	80,000 to 200,000
County Filing Fees and Other	10,000 to 70,000
Total	**$140,000 to $410,000**

[1] Direct letter of credit fees are estimated to be in range of 2.00% to 3.00%.

[2] One or both series of PCRBs could be secured with First Mortgage Bonds. These figures represent the estimated costs of issuing the First Mortgage Bonds to securing one or both series of PCRBs.

Done at Spokane, Washington this 29th day of September, 2010.

AVISTA CORPORATION

By: Diane C. Thoren

Diane C. Thoren
Treasurer

Exhibit A

Fixed-Rate Spreads

Interest Rate on Fixed Rate Issuances:

The interest rate on Bonds will be determined at the time of issuance. The proposed maximum Spread over the applicable MMD for various maturities is listed below. The Bonds may have a feature that allows redemption prior to maturity at specified prices.

Greater Than or Equal To	Less Than	Maximum Spread Over MMD Benchmark		
9 months	2 years	+	225	Basis Points
2 years	3 years	+	235	Basis Points
3 years	4 years	+	240	Basis Points
4 years	6 years	+	250	Basis Points
6 years	9 years	+	255	Basis Points
9 years	10 years	+	260	Basis Points
10 years	11 years	+	270	Basis Points
11 years	15 years	+	280	Basis Points
15 years	20 years	+	290	Basis Points
20 years	25 years	+	300	Basis Points