

e-FILING REPORT COVER SHEET

REPORT NAME: Compliance Report for Order No. 11 334

COMPANY NAME: Avista Corp.

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION?  No  Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation:  RE (Electric)  RG (Gas)  RW (Water)  
 RO (Other)

Report is required by:  OAR Enter Rule number; e.g., 860-039-0070  
 Statute Enter Statute; e.g., ORS 757.135  
 Order Enter Commission Order No.; e.g., 95-1335  
 Other Enter reason; e.g., at Request of Lee Sparling

Is this report associated with a specific docket/case?  No  Yes

If Yes, enter docket number: UF 4269

Key words: Sale of Securities

If known, please select the PUC Section to which the report should be directed:

- Corporate Analysis and Water Regulation
- Economic and Policy Analysis
- Electric and Natural Gas Revenue Requirements
- Electric Rates and Planning
- Natural Gas Rates and Planning
- Utility Safety, Reliability & Security
- Administrative Hearings Division
- Consumer Services Section

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- Annual Fee Statement form and payment remittance or
- OUS or RSPF Surcharge form or surcharge remittance or
- Any other Telecommunications Reporting or
- Any daily safety or safety incident reports or
- Accident reports required by ORS 654.715.

**Avista Corp.**

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



January 11, 2012

Public Utility Commission of Oregon  
Administrative Hearings Division  
550 Capitol St NE #215  
PO Box 2148  
Salem OR 97308-2148

Attention: Filing Center

UF 4269 Compliance Filings

Avista Corp. is submitting the following information in compliance with the Commission's Order No. under UF 4269 for the authorization to issue up to \$450,000,000 of Securities.

On December 14, 2011, Avista Corp. issued \$85.0 million of 4.45 percent First Mortgage Bonds (FMBs) due December 2041 under a bond purchase agreement with certain institutional investors in the private placement market. The new First Mortgage Bonds were issued under and in accordance with the Mortgage and Deed of Trust, dated as of June 1, 1939, from the Company to Citibank, N.A., trustee, as amended and supplemented by various supplemental indentures and other instruments.

The bonds have not been, and will not be, registered under the Securities Act of 1933 or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

The total net proceeds, detailed in Table 1, from the sale of the new bonds were used to repay a portion of the borrowings outstanding under the Company's \$400.0 million committed line of credit.

Item	Dollar Amount	Percent of Total
Gross Proceeds	\$85,000,000	100.00%
Agents/Underwriters Compensation	(427,036)	(0.50%)
Proceeds Payable to Applicant	84,572,964	99.50%
Interest Rate Swaps	(10,557,000)	(12.42%)
Other Issuance/Technical Services Expenses	(639,077)	(0.75%)
Net Proceeds	\$73,376,887	86.33%

The following is additional detail regarding the "Other Issuance/Technical Services Expenses":

Type of Expense	Amount
Underwriter Fees & Expenses	\$427,036
Legal	118,316
Title Endorsement	72,661
Recording Fees	20,007
Miscellaneous	1,057
<b>Total</b>	<b>\$639,077</b>

The Company met the requirement to issue under Item 3-B of Order 11-334 as the all-in rate was less than 7.5 percent. The Company did not issue under condition 3-A of this order due to the all-in spread over the applicable treasury yield being greater than the amount allowed under condition 3-A of Order 11-334. All-in spreads exceeded condition 3-A due to the prevailing market conditions at the time of issuance that were outside of the Company's control.

The Company selected the private placement market for the following reasons:

- The offering size of this issuance
- The utilization of the delayed draw available in the private placement market. The delayed draw allowed the Company to lock in the coupon rate on September 23, 2011, while delaying the actual receipt of the cash proceeds and to start accruing interest on December 14, 2011.

The Company issued these long-term fixed rate FMBs based upon the current low interest rate environment relative to historical average interest rates and our internal focus of having less than 20% of floating rate securities.

Legal fees are reviewed on an annual basis. Legal fees incurred on this transaction are compared to legal fees incurred on prior transactions for reasonableness.

To accompany the information above and to comply with the Commission's order 11-334 the Company is attaching the following two Exhibits:

Exhibit A:	Finalized Fixed Coupon Rate
Exhibit B:	Pre-issuance pricing update based upon prevailing market conditions at the time of issuance.
Exhibit C:	Itemized invoices for all external legal costs
Exhibit D:	53 <sup>rd</sup> Supplemental Indenture

Please contact Damien Lysiak at (509) 495-2097 if you have any questions.

Sincerely,



Diane C. Thoren  
Treasurer



September 23, 2011

**VIA INTRALINKS**

To the Persons on the Attached Distribution List

**Re: Avista Corporation (“Avista” or the “Company”)  
\$85,000,000 First Mortgage Bonds due 2041 (the “Bonds”)**

Dear Investors:

We are pleased to advise that the institutions listed below have circled and priced the following amounts of the above-referenced Bonds on Friday, September 23, 2011. As an appendix to this letter, please find attached the Bloomberg screen confirming the reference Treasury yield used to calculate the respective fixed-rate coupons on the Bonds.

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	<b>30-year Bullet Due 2041</b>
Benchmark	3.75% due 2041
Yield	2.84%
Spread	1.61%
Coupon	<u>4.45%</u>
Hancock	\$ 39.0
Met Life	16.0
New York Life	16.0
Thrivent	14.0
	<u>\$ 85.0</u>

---

The deal was circled pursuant to the Company’s Mortgage and Deed of Trust (as amended), the draft 53<sup>rd</sup> Supplemental Indenture and the draft Bond Purchase Agreement, which were provided via Intralinks during the marketing process. We will follow up with additional details of an investor due diligence conference call. The transaction is scheduled to close in October and fund on December 14, 2011.

On behalf of Avista, we appreciate your participation in the transaction and look forward to working with you towards the completion of a satisfactory due diligence and closing. Please call us with any questions.

Regards,

**Bank of America Merrill Lynch**

**Mitsubishi UFJ Securities (USA), Inc.**

**US Bancorp Investments, Inc.**

Appendix 1: Bloomberg PX1 Screen

GRAB					EquityPX1								
Hit PAGE FWD for off-the-run Bills, Notes, and Bonds.													
11:01 CURRENTS/WHEN ISSUED					Bloomberg GENERIC								
TREASURY BILLS													
1M	10/20/11	.01	/ 0	.00	+.01	17	3 <sup>1</sup> / <sub>8</sub>	5/21	112-12	/12 <sup>3</sup> / <sub>4</sub>	1.72	- 19+	
3Mo	12/22/11	.00	/ 0	-.01	-.01	18	2 <sup>1</sup> / <sub>8</sub>	8/21 <sub>10</sub>	103-03+	/04	1.78	- 18	
3WIB	12/29/11	.01	/ 1	.01	--								
6Mo	3/22/12	.02	/ 2	.02	--	19	4 <sup>3</sup> / <sub>8</sub>	5/41	130-29+	/31	2.83	-1-05	
9WIB	3/29/12	.03	/ 2	.02	-.01	20	3 <sup>3</sup> / <sub>4</sub>	8/41 <sub>30</sub>	118-04+	/06	2.84	-1-00+	
1Yr	9/20/12	.10	/ 9	.09	--								
NOTES/BONDS													
7	3 <sup>3</sup> / <sub>8</sub>	7/13	100-09 <sup>1</sup> / <sub>8</sub>	/09 <sup>3</sup> / <sub>8</sub>	.22	- 00 <sup>3</sup> / <sub>4</sub>	21	TII	5 YR	103-06+	/09+	-.59	- 20
8	1 <sup>1</sup> / <sub>8</sub>	8/13 <sub>2y</sub>	99-26+	/26 <sup>3</sup> / <sub>4</sub>	.21	- 00 <sup>3</sup> / <sub>4</sub>	22	TII	10 YR	105-00	/07	.09	- 30+
9	WI	2 YR	.21	/21	99.83		23	TII	20 YR	130-10 <sup>3</sup> / <sub>4</sub>	/20 <sup>3</sup> / <sub>4</sub>	.63	-1-18
10	1 <sup>1</sup> / <sub>2</sub>	8/14	100-13 <sup>1</sup> / <sub>4</sub>	/13+	.35	- 02 <sup>1</sup> / <sub>4</sub>	24	TII	30 YR	129-27 <sup>1</sup> / <sub>4</sub>	/08 <sup>3</sup> / <sub>4</sub>	.94	-2-12+
11	1 <sup>1</sup> / <sub>4</sub>	9/14 <sub>3y</sub>	99-21 <sup>1</sup> / <sub>4</sub>	/21+	.36	- 02 <sup>1</sup> / <sub>4</sub>	OTHER MARKETS						
12	1 <sup>1</sup> / <sub>2</sub>	7/16	103-07 <sup>3</sup> / <sub>4</sub>	/08 <sup>1</sup> / <sub>4</sub>	.81	- 09+	25	US Long(CBT)	10:51	↑	145-10	- 24	
13	1	8/16 <sub>5y</sub>	100-25	/25 <sup>1</sup> / <sub>4</sub>	.84	- 09+	26	10Y Fut(CBT)	10:51	↓	131-05	- 19	
14	WI	5 YR	.87	/86	99.46		27	EUR\$ (IMM)	10:51	↓	99.480	+.020	
15	1 <sup>1</sup> / <sub>2</sub>	8/18 <sub>7y</sub>	101-10 <sup>3</sup> / <sub>4</sub>	/11+	1.29	- 14 <sup>1</sup> / <sub>4</sub>	28	S&P 500 Ind	11:01	↓	1134.14	+4.58	
16	WI	7 YR	1.32	/32	99.53		29	NASDAQ Comp	11:01	↓	2473.66	+17.99	
							30	DowJones Ind	11:01	↓	10730.91	-2.92	
							31	Gold (CMX)	11:01	↑	1657.60	-82.52	
							32	NYM WTI Crd	10:51	↑	79.86	-.65	

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2011 Bloomberg Finance L.P.  
SN 854836 G566-369-0 23-Sep-11 11:01:54 CDT GMT-5:00



## US Private Placement Pricing Information

September 15, 2011



## Current Market Conditions

### Selected Public Secondary and New Issue Pricing

#### US Treasuries

	15-Sep	23-Aug
30-year Treasury Bond	3.33%	3.49%

#### OpCo-Secured

Issuer	Ratings	Security Description			15-Sep	23-Aug
		Coupon	Maturity	Size(mm)		
Idaho Power Co.	A2 / A-	4.850%	Aug-40	\$100	125	111
Detroit Edison	A2 / A	5.700%	Oct-37	\$250	120	110
Potomac Electric Power	A3 / A	7.900%	Dec-38	\$250	140	133
Puget Sound Energy	A3 / A-	5.638%	Apr-41	\$300	125	115
Union Electric	A3 / BBB+	8.450%	Mar-39	\$350	140	136
Ohio Edison	A3 / BBB	8.250%	Oct-38	\$275	180	174
Oncor Electric Delivery	Baa1 / A-	5.250%	Sep-40	\$475	135	131

#### Utility OpCo New Issues

Issuer	Ratings	Security Description				Spread	Pricing Date
		Type	Maturity	Size(mm)			
Public Service Co of New Hampshire	A3 / A-	FMB	10-year	\$160	128	06-Sep-11	
Detroit Edison Company	A2 / A	FMB	30-year	\$140	135	06-Sep-11	
Wisconsin Electric Power Co	A2 / A-	Senior	10-year	\$300	105	07-Sep-11	
Pacific Gas and Electric Company	A3 / BBB+	Senior	10-year	\$250	130	07-Sep-11	
Northwest Natural Gas Company	A1 / A+	FMB	10-year	\$50	115	07-Sep-11	
Entergy Texas Inc	Baa2 / BBB+	FMB	10-year	\$75	210	07-Sep-11	
Progress Energy Carolinas	A1 / A+	Senior	10-year	\$500	110	12-Sep-11	
Western Mass Electric	Baa2 / BBB-	Senior	10-year	\$100	162.5	13-Sep-11	
Kansas City P&L	Baa2 / BBB	Senior	30-year	\$400	200	15-Sep-11	



## Indicative Pricing Summary Term Sheet

<b>Issuer:</b>	Avista Corporation
<b>Form of Issue:</b>	First Mortgage Bonds
<b>Rating:</b>	A3 (stable) / A- (stable)
<b>Principal Amount:</b>	\$85 million
<b>Prepayment:</b>	T+50 makewhole
<b>Documentation:</b>	Note Purchase Agreement, Supplement and Mortgage Indenture

	30-year
Reference Treasury	3.750% Due 2041
Treasury Yield	3.36%
Credit Spread	T + 140 - 150
<b>Coupon</b>	<b>4.76% - 4.86%</b>

Note: Treasury yields are as of September 15, 2011





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25177-416200

# DEWEY & LeBOEUF

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fax +1 212 259 6333

## PRIVILEGED AND CONFIDENTIAL

Employer Identification No. 13-5608594

Avista Corporation  
1411 East Mission Avenue  
Spokane WA 99202

Invoice Number 641058  
Invoice Date 12/08/11  
Client Number 779483

For Professional Services Rendered Through November 30, 2011:

*PAY I  
FOR 3% DISCOUNT  
OK LB*

Current Fees  
Less Discount  
Disbursements  
Total Amount of this Invoice

[REDACTED]

Additional 3% Early-pay discount (on fees)  
Total Amount Due if Invoice is Paid by  
12/31/2011

[REDACTED]

### SUMMARY STATEMENT

Matter #	Matter Name	Hours	Gross Fees	Discount	Net Fees	Expenses	Total
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
67286	First Mortgage Bond Financing	13.00	\$9,518.75	\$713.91	\$8,804.84	\$28.70	\$8,833.54
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>TOTALS</b>		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

680911

# DEWEY & LEBOEUF LLP

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New York, NY 10019-6092

tel +1 212 259 8000  
fax +1 212 259 6333  
jterrell@dl.com

December 9, 2011

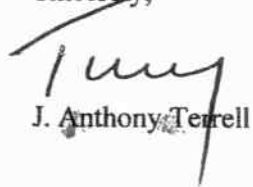
Marian M. Durkin, Esq.  
Senior Vice President and General Counsel  
Avista Corporation  
1411 East Mission Avenue  
Spokane, WA 99202

Dear Marian:

Enclosed is our bill for professional and paraprofessional services rendered on the indicated matters during the month of November 2011, as well as disbursements made during that period.

Best personal regards.

Sincerely,



J. Anthony Terrell

US1 2064137.1

Dewey & LeBoeuf LLP is a New York limited liability partnership.

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CHICAGO | DOHA | DUBAI | FRANKFURT | HONG KONG | HOUSTON | JOHANNESBURG (PTY) LTD. | LOS ANGELES  
MADRID | MILAN | MOSCOW | PARIS | RIYADH AFFILIATED OFFICE | ROME | SAN FRANCISCO | SILICON VALLEY | WARSAW

**For Professional Services Rendered Through 11/30/11**

Date	Tkpr	Description	Hours
11/08/11	JAT	Conference Lysiak regarding retirements; Locate and sent old engineer's certificates.	1.00
11/09/11	DV	Revise supplemental indenture and bond application documents; Meeting.	1.00
11/09/11	JAT	General status check; Conference Vilinsky.	1.00
11/11/11	DV	Revise bond application documents.	0.50
11/14/11	DV	Draft tax good standing request letters; Drafted sub stock certificates.	1.75
11/14/11	JAT	E-conference Lysiak regarding property additions.	1.00
11/15/11	JAT	Study Lysiak analysis; Miscellaneous e-conferences.	0.50
11/16/11	DV	Draft certificates; Distribute signature pages; Emails with company and trustee; Ordered good standings and lien searches; Call with company	3.50
11/16/11	JAT	E-conference and telephone conference Lysiak regarding retirements; Miscellaneous e-conferences Vilinsky.	2.25
11/28/11	JAT	E-conference Chapman regarding closing.	0.50
Total Hours			<u>13.00</u>

**Timekeeper Summary**

Timekeeper	Tkpr	Status	Hours	Rate	Value
Anthony Terrell	JAT	Partner	6.25	875	5,468.75
Danielle B Vilinsky	DV	Associate	6.75	600	4,050.00
Less 7.5% discount					-713.91
Net Fees					<u>\$8,804.84</u>

**Charges and Disbursements Summary**

Disbursement	Amounts
Local Transportation	28.70
<b>Total Expenses</b>	<u>\$28.70</u>
<b>Total For This Matter</b>	<u>\$8,833.54</u>

25177416200

# DEWEY & LEBOEUF

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fax +1 212 259 6333

## PRIVILEGED AND CONFIDENTIAL

Employer Identification No. 13-5608594

Avista Corporation  
1411 East Mission Avenue  
Spokane WA 99202

Invoice Number 638114  
Invoice Date 11/10/11  
Client Number 779483

For Professional Services Rendered Through **October 31, 2011:**

Current Fees  
Less Discount  
Disbursements  
Total Amount of this Invoice

[REDACTED]

### SUMMARY STATEMENT

Matter #	Matter Name	Hours	Gross Fees	Discount	Net Fees	Expenses	Total
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
672868	First Mortgage Bond Financing	34.50	\$27,418.75	\$2,056.41	\$25,362.34	\$66.51	\$25,428.85
<b>TOTALS</b>		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**For Professional Services Rendered Through 10/31/11**

Date	Tkpr	Description	Hours
10/03/11	JAT	Send out new draft supplemental indenture; Collect precedents for bond application (property additions).	1.25
10/04/11	JAT	Start work on bond application; message to Krasselt regarding property releases.	3.00
10/05/11	JAT	Finalize and distribute draft opinions; Continue work on bond application.	3.25
10/06/11	JAT	Conference and e-conference Lysiak regarding mortgage matters.	1.00
10/07/11	DV	Prepare closing sets (2010 deals) for binding; Draft letter to bindery.	1.50
10/07/11	JAT	Continue work on bond application.	1.00
10/10/11	JAT	Finalize draft bond application and distribute to all parties.	1.00
10/11/11	DV	Draft letter to bindery; Telephone call with bindery; Prepare and distribute closing documents for binding.	2.25
10/11/11	DV	Closing sets (2010 deals).	0.25
10/11/11	JAT	Bond application; Revise SI; Miscellaneous conferences AVA.	3.00
10/13/11	DV	Telephone call with bindery.	0.25
10/14/11	JAT	Due diligence conference call with Purchasers; Miscellaneous.	0.75
10/17/11	JAT	Miscellaneous conferences and e-conferences regarding need for 8-K; E-conferences Chapman regarding schedule, reason for changes in opinions, closing list, etc.	1.50
10/17/11	MFF	Research 34 act issues regarding 8-K requirements; Telephone conference with R. Krasselt.	1.00
10/18/11	DV	Telephone calls with bindery; Revise closing indexes and organized additional closing documents (2010 deals).	1.00
10/18/11	JAT	Conference Fitzpatrick regarding need for 8-K upon execution of BPA; Conference Lysiak regarding property retirements; E-conferences AVA, FATCO regarding title insurance, miscellaneous.	2.50
10/18/11	MFF	Research 8-K issues; Review BPA; Several telephone conferences with R. Krasselt.	2.25
10/19/11	DV	Revise supplemental indenture and net earning certificate.	0.75
10/20/11	DV	Revise supplemental indenture, bond application documents and opinions.	1.75
10/20/11	JAT	Miscellaneous e-conferences Vilinsky regarding SI, Bond Application.	0.50
10/21/11	MFF	Telephone conference with M. Durkin; Review 8-K requirements with respect to BPA.	1.25
10/22/11	JAT	Commence review draft SI.	1.00
10/24/11	DV	Revise supplemental indenture.	0.25
10/25/11	DV	Review 8-K's; Revise supplemental indenture; Emails with company and chapman.	0.75
10/25/11	JAT	Conference Krasselt, Vilinsky; E-conferences Chapman regarding buttoning up BPA.	0.50
10/26/11	DV	Telephone call with Chapman; Email with company; Review orders.	0.50

**For Professional Services Rendered Through 10/31/11**

Date	Tkpr	Description	Hours
10/27/11	JAT	Miscellaneous conferences and e-conferences Avista, Chapman regarding BPA; Approve execution.	0.50
Total Hours			<u>34.50</u>

**Timekeeper Summary**

Timekeeper	Tkpr	Status	Hours	Rate	Value
Anthony Terrell	JAT	Partner	20.75	875	18,156.25
Michael F Fitzpatrick, Jr.	MFF	Partner	4.50	825	3,712.50
Danielle B Vilinsky	DV	Associate	9.25	600	5,550.00
Less 7.5% discount					<u>-\$2,056.41</u>
Net Fees					<u>\$25,362.34</u>

**Charges and Disbursements Summary**

Disbursement	Amounts
FedEx	47.71
Reproduction	18.80
<b>Total Expenses</b>	<u>\$66.51</u>
<b>Total For This Matter</b>	<u>\$25,428.85</u> <i>el</i>

# DEWEY & LeBOEUF LLP

Dewey & LeBoeuf LLP  
1301 Avenue of the Americas  
New York, NY 10019-6092

tel +1 212 259 8000  
fax +1 212 259 6333  
jterrell@dl.com

November 10, 2011

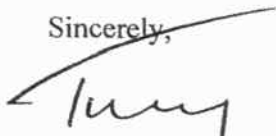
Marian M. Durkin, Esq.  
Senior Vice President and General Counsel  
Avista Corporation  
1411 East Mission Avenue  
Spokane, WA 99202

Dear Marian:

Enclosed is our bill for professional and paraprofessional services rendered on the indicated matters during the month of October 2011, as well as disbursements made during that period.

Best personal regards.

Sincerely,



J. Anthony Terrell

US1 2064137.1

*Pls. call if you want to discuss.*

Dewey & LeBoeuf LLP is a New York limited liability partnership.

NEW YORK | LONDON | WASHINGTON, DC | ABU DHABI | ALBANY | ALMATY | BEIJING | BOSTON | BRUSSELS  
CHICAGO | DOHA | DUBAI | FRANKFURT | HONG KONG | HOUSTON | JOHANNESBURG (PTY) LTD. | LOS ANGELES  
MADRID | MILAN | MOSCOW | PARIS | RIYADH AFFILIATED OFFICE | ROME | SAN FRANCISCO | SILICON VALLEY | WARSAW



25177-416200

DEWEY & LEBOEUF

Dewey & LeBoeuf LLP  
1301 Avenue of the Americas  
New York, NY 10019-6092  
tel +1 212 259 8000  
fax +1 212 259 6333

PRIVILEGED AND CONFIDENTIAL

Employer Identification No. 13-5608594

Avista Corporation  
1411 East Mission Avenue  
Spokane WA 99202

Invoice Number 634730  
Invoice Date 10/07/11  
Client Number 779483

For Professional Services Rendered Through September 30, 2011:

Current Fees  
Less Discount  
Disbursements  
Total Amount of this Invoice

[REDACTED]

SUMMARY STATEMENT

Matter #	Matter Name	Hours	Gross Fees	Discount	Net Fees	Expenses	Total
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
672868	First Mortgage Bond Financing	43.25	\$36,350.00	\$2,726.25	\$33,623.75	\$25.05	\$33,648.80
TOTALS		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

664727

# DEWEY & LEBOEUF LLP

Dewey & LeBoeuf LLP  
1301 Avenue of the Americas  
New York, NY 10019-6092

tel +1 212 259 8000  
fax +1 212 259 6333  
jterrell@dl.com

October 7, 2011

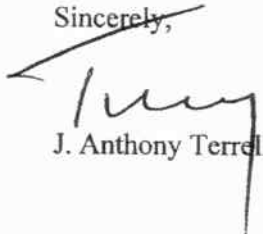
Marian M. Durkin, Esq.  
Senior Vice President and General Counsel  
Avista Corporation  
1411 East Mission Avenue  
Spokane, WA 99202

Dear Marian:

Enclosed is our bill for professional and paraprofessional services rendered on the indicated matters during the month of September 2011, as well as disbursements made during that period.

Best personal regards.

Sincerely,



J. Anthony Terrell

NY2 2064137.1

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NEW YORK | LONDON | WASHINGTON, DC | ABU DHABI | ALBANY | ALMATY | BEIJING | BOSTON | BRUSSELS  
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MADRID | MILAN | MOSCOW | PARIS | RIYADH AFFILIATED OFFICE | ROME | SAN FRANCISCO | SILICON VALLEY | WARSAW

**For Professional Services Rendered Through 09/30/11**

Date	Tkpr	Description	Hours
09/01/11	JAT	Review and comment on engagement letter.	2.00
09/06/11	JAT	Draft 53rd Supplemental Indenture; conference Krasselt.	3.00
09/07/11	DV	Review and revise supplemental indenture	0.50
09/07/11	JAT	Miscellaneous conferences and e-conferences regarding Supplemental Indenture; Brief review draft BPA.	1.00
09/08/11	JAT	E-mail to Krasselt regarding mortgage issues; Review draft BPA.	1.50
09/09/11	JAT	Review engagement letter, OM, BPA; Many conferences AVA regarding same, and distribute comments regarding same; Send out draft SI.	5.75
09/11/11	A S	Review and amend ERISA provisions of Bond Purchase Agreement.	3.00
09/12/11	A S	Follow up with A. Terrell.	0.50
09/12/11	JAT	Miscellaneous e-conferences Krasselt.	0.50
09/13/11	JAT	Work on engagement letter, OM; Miscellaneous conferences Krasselt.	2.50
09/14/11	JAT	Miscellaneous conferences and e-conferences regarding successive drafts of OM, engagement letter.	3.00
09/15/11	JAT	Review miscellaneous changes on engagement letter; Excerpt and revise Description of Mortgage; Miscellaneous.	3.00
09/20/11	DV	Review documents	1.00
09/20/11	JAT	Various conferences; Peruse final documents on Intralinks.	1.00
09/21/11	JAT	Conferences Chapman and Krasselt regarding FMBs signed to Banks (special mandatory redemption).	1.00
09/22/11	JAT	Respond to Chapman question regarding "prior lien bonds".	0.75
09/23/11	DV	Review documents.	1.00
09/26/11	JAT	Conferences and e-conferences Durkin, Krasselt, Miller regarding signing and closing.	1.00
09/27/11	DV	Opinions.	0.25
09/27/11	JAT	Changes in BPA to Chapman; mark-up opinions; List of tasks.	2.50
09/28/11	GMO	Attention to D&L opinion regarding security interests	0.50
09/28/11	JAT	Further work on closing opinions; Conference Opinion Committee regarding UCC opinion; Research WA UCC; Revise opinions; Revise supplemental indenture; Conference Krasselt.	4.50
09/29/11	GMO	Attention to D&L opinion	0.50
09/29/11	JAT	Conferences and e-conferences opinions committee; Send out revised drafts; Send out revised draft SI.	1.50
09/29/11	MFF	Review opinions in connection with private placement.	1.50
Total Hours			43.25

**Timekeeper Summary**

**Timekeeper Summary**

Timekeeper	Tkpr	Status	Hours	Rate	Value
Anthony Terrell	JAT	Partner	34.50	875	30,187.50
Michael F Fitzpatrick, Jr.	MFF	Partner	1.50	825	1,237.50
Gregory Owens	GMO	Partner	1.00	825	825.00
Adrienne Scerbak	A S	Counsel	3.50	700	2,450.00
Danielle B Vilinsky	DV	Associate	2.75	600	1,650.00
		Less 7.5% discount			-2,726.25
		Net Fees			<u>\$33,623.75</u>

**Charges and Disbursements Summary**

Disbursement	Amounts
Local Transportation	25.05
<b>Total Expenses</b>	<u>\$25.05</u>
<b>Total For This Matter</b>	<u>\$33,648.80</u>

25177-416200

# DEWEY & LEBOEUF

Dewey & LeBoeuf LLP  
1301 Avenue of the Americas  
New York, NY 10019-6092  
tel +1 212 259 8000  
fax +1 212 259 6333

## PRIVILEGED AND CONFIDENTIAL

Employer Identification No. 13-5608594

Avista Corporation  
1411 East Mission Avenue  
Spokane WA 99202

Invoice Number 631032  
Invoice Date 08/23/11  
Client Number 779483

For Professional Services Rendered Through July 31, 2011:

Current Fees  
Less Discount  
Disbursements  
Total Amount of this Invoice

[REDACTED]  
[REDACTED]  
[REDACTED]

### SUMMARY STATEMENT

Matter #	Matter Name	Hours	Gross Fees	Discount	Net Fees	Expenses	Total
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
672863	General Mortgage Matters	17.00	\$14,562.50	\$2,184.38	\$12,378.12	\$9.43	\$12,387.55
<b>TOTALS</b>		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

# DEWEY & LeBOEUF LLP

Dewey & LeBoeuf LLP  
1301 Avenue of the Americas  
New York, NY 10019-6092

tel +1 212 259 8000  
fax +1 212 259 6333  
jterrell@dl.com

August 23, 2011

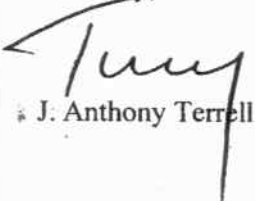
Marian M. Durkin, Esq.  
Senior Vice President and General Counsel  
Avista Corporation  
1411 East Mission Avenue  
Spokane, WA 99202

Dear Marian:

Enclosed is our bill for professional and paraprofessional services rendered on the indicated matters during the months of June and July 2011, as well as disbursements made during that period.

Best personal regards.

Sincerely,



J. Anthony Terrell

NY2 2064137.1

Dewey & LeBoeuf LLP is a New York limited liability partnership.

NEW YORK | LONDON | WASHINGTON, DC | ABU DHABI | ALBANY | ALMATY | BEIJING | BOSTON | BRUSSELS  
CHICAGO | DOHA | DUBAI | FRANKFURT | HONG KONG | HOUSTON | JOHANNESBURG (PTY) LTD. | LOS ANGELES  
MADRID | MILAN | MOSCOW | PARIS | RIYADH AFFILIATED OFFICE | ROME | SAN FRANCISCO | SILICON VALLEY | WARSAW

**For Professional Services Rendered Through 07/31/11**

Date	Tkpr	Description	Hours
06/24/11	JAT	Locate previous amendments to bonding ratio and e-mail DCT.	0.25
06/27/11	DV	Review draft 52nd supplemental indenture.	0.75
06/27/11	JAT	Research; Start first draft mortgage amendments; Collect excerpts of original mortgage and various amendments; Draft SI.	4.50
07/06/11	JAT	Further study of amendments to reduce bonding ratio and research mortgage; Draft additional amendment to Section 104.	3.00
07/15/11	DV	Call with Damien.	0.25
07/17/11	JAT	Draft Board resolutions for amendments to Mortgage.	1.00
07/18/11	JAT	Review/revise draft Board resolutions; Notify Trustee and counsel by e-mail of proposed amendments; Compare amendments to 1993 resolution and 2001 amendments.	4.00
07/22/11	JAT	Conference Lysiak.	0.50
07/25/11	JAT	Send old supplementals to Tee counsel.	0.50
07/26/11	JAT	Work on supplemental; Conference Lysiak.	0.50
07/28/11	JAT	Miscellaneous conferences Lysiak; Work on Supplemental Indenture.	1.75
Total Hours			<u>17.00</u>

**Timekeeper Summary**

Timekeeper	Tkpr	Status	Hours	Rate	Value
Anthony Terrell	JAT	Partner	16.00	875	14,000.00
Danielle B Vilinsky	DV	Associate	0.25	600	150.00
Danielle B Vilinsky	DV	Associate	0.75	550	412.50
Less 15% discount					<u>-\$2,184.38</u>
Net Fees					<u>\$12,378.12</u>

**Charges and Disbursements Summary**

Disbursement	Amounts
Telephone	9.43
<b>Total Expenses</b>	<u>\$9.43</u>
<b>Total For This Matter</b>	<u>\$12,387.55</u>

December 12, 2011

*By E-mail*

Ms. Marian Durkin, General Counsel  
Avista Corp.  
1411 East Mission Avenue  
Spokane, WA 99202

Re: \$85,000,000 First Mortgage Bonds, 4.45% Series due 2041  
of  
AVISTA CORPORATION

Dear Ms. Durkin:

With respect to the closing of the subject transaction, enclosed herewith is our invoice for professional fees and separately charged disbursement items assuming a closing on December 14, 2011. We would expect to provide a modest supplemental bill once closing binders have been prepared and all charges related thereto have been entered into our computer system.

We will rely on your e-mail or verbal confirmation that the invoice will be satisfied on or before December 14 for purposes of confirming the closing condition to the noteholders. For your convenience, we have included our wire transfer number at the top of the enclosed invoice.

If you have any questions at all with respect to the enclosure, please do not hesitate to call me directly at (312) 845-3754.

Very truly yours,

CHAPMAN AND CUTLER LLP

By   
Neil R. Mann

NRM:dmr

Enclosure

cc: Diane Thoren  
Ryan Krasselt



Chapman and Cutler LLP

12917-WIRE

W-14

P.O. Box 71291  
Chicago, Illinois 60694  
T 312.845.3000

Employer Identification No. 36-2153731

Wire Transfer Instructions  
(Include Invoice/Matter Number)

BMO Harris Bank N.A.  
Chapman and Cutler LLP Special Account  
Account Number 2089522  
ABA Number 071000288

Matter No.: 1968882

Date: December 12, 2011  
No.: 31-9839

**Invoice**

Avista Corp.  
1411 East Mission Avenue  
Spokane, WA 99202

Attn: Marian Durkin, General Counsel

FOR PROFESSIONAL SERVICES through  
December 14, 2011 as counsel to Purchasers  
of \$85,000,000 First Mortgage Bonds, 4.45%  
Series Due December 14, 2041 of Avista  
Corporation.....\$35,602.00

SEPARATELY CHARGED DISBURSEMENT  
ITEMS through December 14, 2011 (subject to  
adjustment) including Document  
Production/Photocopy, Telephone, Express  
Mail, CUSIP/PPN, Etc. ....\$380.17

TOTAL.....\$35,982.17 PL

DEC 14

NRMann:dmr

NONSTANDARD  
NEEDS APPROVAL

WIRE TRANSFER

Chapman legal

001.181860.22.23.dl

Ry I Kassel

December 15, 2011

Wafaa Orfy  
Citibank, N.A.  
Agency & Trust  
388 Greenwich Street, 14th Floor  
New York, New York 10013

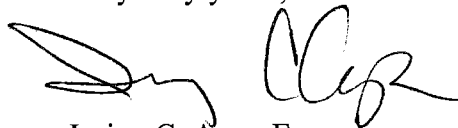
Re: Avista Corporation-53rd Supplemental Indenture

Dear Wafaa:

Enclosed please find our bill for professional services rendered in connection with the above-referenced matter.

Please do not hesitate to contact me or Lynn Tomechko at 216-566-5866 or [lynn.tomechko@thompsonhine.com](mailto:lynn.tomechko@thompsonhine.com) if you have any questions.

Very truly yours,



Irving C. Apar, Esq.

ICA:dal  
Enclosure



ATLANTA

CLEVELAND

DAYTON

WASHINGTON, D.C.

CINCINNATI

COLUMBUS

NEW YORK

December 15, 2011

Wafaa Orfy  
Citibank, N.A.  
388 Greenwich Street, 14th Floor  
New York, NY 10013  
Attention: Citibank Agency & Trust

Invoice No. 2458576  
Our File No. 010867.00240  
Federal Tax ID No.: 34-0575300

Avista Corporation-  
53rd Supplemental Indenture

For legal services rendered to Citibank, N.A., as Trustee (the "Trustee") pursuant to that certain Mortgage and Deed of Trust, by and between the Trustee and Avista Corporation (the "Company"), dated June 1, 1939, as amended (the "Deed of Trust"), including as amended by the 53rd Supplemental Indenture (the "Supplement") in connection with the execution of the Supplement, including review of the Deed of Trust, review of the Supplement, review of the closing documents, including officer's certificate, opinion of counsel and application, correspondences with Company's counsel, and various other matters.

TOTAL FOR SERVICES..... \$2,300.00

TOTAL DUE THIS STATEMENT: \$2,300.00

Payment Instructions:  
Please Reference  
Invoice No. 2458576

Wire transfer Account Information  
Thompson Hine LLP, c/o Key Bank  
Swift Code-KEYBUS33  
ABA # 041001039 Account # 0004862

By Mail Remit To  
Thompson Hine LLP  
335 Madison Avenue, 12th Floor  
New York, New York 10017

**AVISTA CORPORATION**

**TO**

**CITIBANK, N.A.**

*As Successor Trustee under  
Mortgage and Deed of Trust,  
dated as of June 1, 1939*

---

**Fifty-third Supplemental Indenture**

*Providing among other things for a series of bonds designated  
“First Mortgage Bonds 4.45% Series due 2041”  
Due December 14, 2041*

---

Dated as of December 1, 2011

---

## **FIFTY-THIRD SUPPLEMENTAL INDENTURE**

**THIS INDENTURE**, dated as of the 1<sup>st</sup> day of December, 2011, between AVISTA CORPORATION (formerly known as The Washington Water Power Company), a corporation of the State of Washington, whose post office address is 1411 East Mission Avenue, Spokane, Washington 99202 (the “Company”), and CITIBANK, N.A., formerly First National City Bank (successor by merger to First National City Trust Company, formerly City Bank Farmers Trust Company), a national banking association incorporated and existing under the laws of the United States of America, whose post office address is 388 Greenwich Street, 14<sup>th</sup> Floor, New York, New York 10013 (the “Trustee”), as Trustee under the Mortgage and Deed of Trust, dated as of June 1, 1939 (the “Original Mortgage”), executed and delivered by the Company to secure the payment of bonds issued or to be issued under and in accordance with the provisions thereof, this indenture (the “Fifty-third Supplemental Indenture”) being supplemental to the Original Mortgage, as heretofore supplemented and amended.

WHEREAS pursuant to a written request of the Company made in accordance with Section 103 of the Original Mortgage, Francis M. Pitt (then Individual Trustee under the Mortgage, as supplemented) ceased to be a trustee thereunder on July 23, 1969, and all of his powers as Individual Trustee have devolved upon the Trustee and its successors alone; and

WHEREAS by the Original Mortgage the Company covenanted that it would execute and deliver such further instruments and do such further acts as might be necessary or proper to carry out more effectually the purposes of the Original Mortgage and to make subject to the lien of the Original Mortgage any property thereafter acquired intended to be subject to the lien thereof; and

WHEREAS the Company has heretofore executed and delivered, in addition to the Original Mortgage, the indentures supplemental thereto, and has issued the series of bonds, set forth in Exhibit A hereto (the Original Mortgage, as supplemented and amended by the First through Fifty-second Supplemental Indentures, being herein sometimes called the “Mortgage”); and

WHEREAS the Original Mortgage and the First through Fifty-first Supplemental Indentures have been appropriately filed or recorded in various official records in the States of Washington, Idaho, Montana and Oregon, as set forth in the First through Fifty-second Supplemental Indentures and the Instrument of Further Assurance, dated December 15, 2001, hereinafter referred to; and

WHEREAS the Fifty-second Supplemental Indenture, dated as of August 1, 2011, has been appropriately filed or recorded in the various official records in the States of Washington, Idaho, Montana and Oregon, as set forth in Exhibit B hereto; and

WHEREAS for the purpose of confirming or perfecting the lien of the Mortgage on certain of its properties, the Company has heretofore executed and delivered

a Short Form Mortgage and Security Agreement, in multiple counterparts dated as of various dates in 1992, and such instrument has been appropriately filed or recorded in the various official records in the States of Montana and Oregon; and

WHEREAS for the purpose of confirming or perfecting the lien of the Mortgage on certain of its properties, the Company has heretofore executed and delivered an Instrument of Further Assurance dated as of December 15, 2001, and such instrument has been appropriately filed or recorded in the various official records in the States of Washington, Idaho, Montana and Oregon; and

WHEREAS in addition to the property described in the Mortgage the Company has acquired certain other property, rights and interests in property; and

WHEREAS Section 120 of the Original Mortgage, as heretofore amended, provides that, without the consent of any holders of bonds, the Company and the Trustee, at any time and from time to time, may enter into indentures supplemental to the Original Mortgage for various purposes set forth therein, including, without limitation, to cure ambiguities or correct defective or inconsistent provisions or to make other changes therein that shall not adversely affect the interests of the holders of bonds of any series in any material respect or to establish the form or terms of bonds of any series as contemplated by Article II; and

WHEREAS Section 8 of the Original Mortgage, as heretofore amended, provides that the form of each series of bonds (other than the First Series) issued thereunder and of the coupons to be attached to coupon bonds of such series shall be established by Resolution of the Board of Directors of the Company or by Treasurer's Certificate, or shall be set forth in an indenture supplemental to the Original Mortgage; that the form of such series, as so established, shall specify the descriptive title of the bonds and various other terms thereof; and that such series may also contain such provisions not inconsistent with the provisions of the Mortgage as the Company may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

WHEREAS the Company now desires to create a new series of bonds; and

WHEREAS the execution and delivery by the Company of this Fifty-third Supplemental Indenture and the terms of the Bonds of the Fifty-fourth Series, hereinafter referred to, have been duly authorized by the Board of Directors of the Company by appropriate Resolutions of said Board of Directors, and all things necessary to make this Fifty-third Supplemental Indenture a valid, binding and legal instrument have been performed;

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That the Company, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, hereby confirms the estate,

title and rights of the Trustee (including, without limitation, the lien of the Mortgage on the property of the Company subjected thereto, whether now owned or hereafter acquired) held as security for the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage according to their tenor and effect and the performance of all the provisions of the Mortgage and of such bonds, and, without limiting the generality of the foregoing, hereby confirms the grant, bargain, sale, release, conveyance, assignment, transfer, mortgage, pledge, setting over and confirmation unto the Trustee, contained in the Mortgage, of all the following described properties of the Company, whether now owned or hereafter acquired, namely:

All of the property, real, personal and mixed, of every character and wheresoever situated (except any hereinafter or in the Mortgage expressly excepted) which the Company now owns or, subject to the provisions of Section 87 of the Original Mortgage, may hereafter acquire prior to the satisfaction and discharge of the Mortgage, as fully and completely as if herein or in the Mortgage specifically described, and including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in Mortgage) all lands, real estate, easements, servitudes, rights of way and leasehold and other interests in real estate; all rights to the use or appropriation of water, flowage rights, water storage rights, flooding rights, and other rights in respect of or relating to water; all plants for the generation of electricity, power houses, dams, dam sites, reservoirs, flumes, raceways, diversion works, head works, waterways, water works, water systems, gas plants, steam heat plants, hot water plants, ice or refrigeration plants, stations, substations, offices, buildings and other works and structures and the equipment thereof and all improvements, extensions and additions thereto; all generators, machinery, engines, turbines, boilers, dynamos, transformers, motors, electric machines, switchboards, regulators, meters, electrical and mechanical appliances, conduits, cables, pipes and mains; all lines and systems for the transmission and distribution of electric current, gas, steam heat or water for any purpose; all towers, mains, pipes, poles, pole lines, conduits, cables, wires, switch racks, insulators, compressors, pumps, fittings, valves and connections; all motor vehicles and automobiles; all tools, implements, apparatus, furniture, stores, supplies and equipment; all franchises (except the Company's franchise to be a corporation), licenses, permits, rights, powers and privileges; and (except as hereinafter or in the Mortgage expressly excepted) all the right, title and interest of the Company in and to all other property of any kind or nature.

The property so conveyed or intended to be so conveyed under the Mortgage shall include, but shall not be limited to, the property set forth in Exhibit C hereto, the particular description of which is intended only to aid in the identification thereof and shall not be construed as limiting the force, effect and scope of the foregoing.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Original Mortgage) the tolls, rents, revenues, issues, earnings, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

THE COMPANY HEREBY CONFIRMS that, subject to the provisions of Section 87 of the Original Mortgage, all the property, rights, and franchises acquired by the Company after the date thereof (except any hereinbefore or hereinafter or in the Mortgage expressly excepted) are and shall be as fully embraced within the lien of the Mortgage as if such property, rights and franchises had been owned by the Company at the date of the Original Mortgage and had been specifically described therein.

PROVIDED THAT the following were not and were not intended to be then or now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed under the Mortgage and were, are and shall be expressly excepted from the lien and operation of the Mortgage namely: (1) cash, shares of stock and obligations (including bonds, notes and other securities) not hereafter specifically pledged, paid, deposited or delivered under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business or for consumption in the operation of any properties of the Company; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or covenanted so to be; (4) electric energy and other materials or products generated, manufactured, produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; and (5) any property heretofore released pursuant to any provisions of the Mortgage and not heretofore disposed of by the Company; provided, however, that the property and rights expressly excepted from the lien and operation of the Mortgage in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event that the Trustee or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XII of the Original Mortgage by reason of the occurrence of a Completed Default as defined in said Article XII.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by the Company in the Mortgage as aforesaid, or intended so to be, unto the Trustee, and its successors, heirs and assigns forever.

IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as set forth in the Mortgage, this Fifty-third Supplemental Indenture being supplemental to the Mortgage.



AND IT IS HEREBY FURTHER CONFIRMED by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage shall affect and apply to the property in the Mortgage described and conveyed, and to the estates, rights, obligations and duties of the Company and the Trustee and the beneficiaries of the trust with respect to said property, and to the Trustee and its successors in the trust, in the same manner and with the same effect as if the said property had been owned by the Company at the time of the execution of the Original Mortgage, and had been specifically and at length described in and conveyed to said Trustee by the Original Mortgage as a part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustee and its successor or successors in such trust under the Mortgage, as follows:

## **ARTICLE I**

### **Fifty-fourth Series of Bonds**

SECTION 1. (I) There shall be a series of bonds designated "First Mortgage Bonds, 4.45% Series due 2041" (herein sometimes referred to as the "Bonds of the Fifty-fourth Series"), each of which shall also bear the descriptive title First Mortgage Bond and the form thereof is set forth on Exhibit D hereto. The Bonds of the Fifty-fourth Series shall be issued as fully registered Bonds in denominations of One Thousand Dollars and, at the option of the Company, any amount in excess thereof (the exercise of such option to be evidenced by the execution and delivery thereof) and shall be dated as in Section 10 of the Original Mortgage provided. The Bonds of the Fifty-fourth Series shall be limited in aggregate principal amount to \$85,000,000 (except for Bonds of such series authenticated and delivered upon transfer of or in exchange for, or in lieu of, other Bonds of such series).

(II) The Bonds of the Fifty-fourth Series shall mature, bear interest, be payable, be redeemable and be otherwise as set forth below:

(a) the principal of Bonds of the Fifty-fourth Series shall (unless theretofore paid) be payable on the Stated Maturity Date (as hereinafter defined);

(b) the Bonds of the Fifty-fourth Series shall bear interest at the rate of four and forty-five one hundredths percentum (4.45%) per annum; interest on such Bonds shall accrue from and including December 14, 2011, except as otherwise provided in the form of bond attached hereto as Exhibit D; interest on such Bonds shall be payable on each Interest Payment Date and at Maturity (as each of such terms is hereinafter defined); and interest on such Bonds during any period for which payment is made shall be computed on the basis of a 360-day year consisting of twelve 30-days months;

(c) the principal of and premium, if any, and interest on each Bond of the Fifty-fourth Series payable at Maturity shall be payable upon presentation thereof at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency as at the time of payment is legal tender for public and private debts. The interest on each Bond of the Fifty-fourth Series (other than interest payable at Maturity) shall be payable by check, in similar coin or currency, mailed to the registered owner thereof as of the close of business on the Record Date (as hereinafter defined) next preceding each Interest Payment Date; provided, however, that if such registered owner shall be a securities depository, such payment may be made by such other means in lieu of check as shall be agreed upon by the Company, the Trustee and such registered owner; and, provided, further, that, so long as the Bonds of the Fifty-fourth Series shall be held by an Institutional Investor (as hereinafter defined), payment of principal of and premium, if any, and interest on the Bonds of the Fifty-fourth Series shall be payable in the manner specified in the Bond Purchase Agreement (as hereinafter defined).

(d) The Bonds of the Fifty-fourth Series shall be redeemable in whole at any time, or in part from time to time, at the option of the Company at a redemption price equal to the greater of

(i) 100% of the principal amount of the Bonds being redeemed, and

(ii) the sum of the present values of the remaining scheduled payments of principal of and interest (not including any portion of any scheduled payment of interest which accrued prior to the redemption date) on the Bonds being redeemed discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the Treasury Yield (as hereinafter defined) plus 50 basis points,

*plus*, in the case of either (i) or (ii) above, whichever is applicable, accrued interest on such Bonds to the date of redemption.

(e) (i) “Treasury Yield” means, with respect to any redemption of Bonds of the Fifty-fourth Series, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price. The Treasury Yield shall be calculated as of the third business day preceding the redemption date (the “Calculation Date”).

(ii) “Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Bonds of the Fifty-fourth

Series that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds.

(iii) “Comparable Treasury Price” means, (A) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the Calculation Date, as set forth in the H.15 Daily Update of the Federal Reserve Bank of New York or (B) if such release (or any successor release) is not published or does not contain such prices on such business day, the Reference Treasury Dealer Quotation for the Calculation Date.

(iv) “H.15(519)” means the weekly statistical release entitled “Statistical Release H.15 (519)”, or any successor publication, published by the Board of Governors of the Federal Reserve System.

(v) “H.15 Daily Update” means the daily update of H.15(519) available through the worldwide website of the Board of Governors of the Federal Reserve System or any successor site or publication.

(vi) “Independent Investment Banker” means Merrill Lynch, Pierce, Fenner & Smith Incorporated or, if so determined by the Company, any other independent investment banking institution of national standing appointed by the Company and reasonably acceptable to the Trustee.

(vii) “Reference Treasury Dealer Quotation” means, with respect to the Reference Treasury Dealer, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount and quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the Calculation Date).

(viii) “Reference Treasury Dealer” means a primary U.S. Government securities dealer in New York City appointed by the Company and reasonably acceptable to the Trustee.

(f) If less than all of the outstanding Bonds of the Fifty-fourth Series are to be redeemed, the principal amount to be redeemed shall be prorated among all of the holders of such Bonds in the proportion that their respective holdings bear to the aggregate principal amount of such Bonds outstanding on the date of selection. The portion of any Bond to be redeemed shall be in the principal amount of \$1,000 or an integral multiple thereof and such rounding allocations as may be requisite for this purpose shall be made by the Trustee in its uncontrolled discretion. The Trustee shall promptly notify the Company in writing of the distinctive numbers of the Bond and the portions thereof so selected for redemption.

(g) Except as provided in this subsection (II) of Section 1, the Bonds of the Fifty-fourth Series shall not be redeemable prior to the Stated Maturity Date.

(III) (a) At the option of the registered owner, any Bonds of the Fifty-fourth Series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, shall be exchangeable for a like aggregate principal amount of Bonds of the same series of other authorized denominations.

The Bonds of the Fifty-fourth Series shall be transferable, upon the surrender thereof for cancellation, together with a written instrument of transfer in form approved by the registrar duly executed by the registered owner or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York.

Upon any exchange or transfer of Bonds of the Fifty-fourth Series, the Company may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge, as provided in Section 12 of the Original Mortgage, but the Company hereby waives any right to make a charge in addition thereto or any exchange or transfer of Bonds of the Fifty-fourth Series; provided, however, that the Company shall not be required to make any transfer or exchange of any Bonds of the Fifty-fourth for a period of 10 days next preceding any selection of such Bonds for redemption, nor shall it be required to make transfers or exchange of any Bonds of the Fifty-fourth Series which shall have been selected for redemption in whole or in part.

The Bonds of the Fifty-fourth Series shall bear a legend as to restrictions on transfer substantially as set forth below:

The Bonds evidenced hereby have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and may not be offered, sold, pledged or otherwise transferred in contravention of the Securities Act.

(IV) For all purposes of this Fifty-third Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms listed below, when used with respect to the Bonds of the Fifty-fourth Series, shall have the meanings specified below:

*"Bond Purchase Agreement"* means the Bond Purchase Agreement, dated October 27, 2011, between the Company and the purchasers listed on Schedule A thereto.

*"Business Day"* means any day, other than a Saturday or Sunday, which is not a day on which banking institutions or trust companies in The City of New York, New York are generally authorized or required by law, regulation or executive order to remain closed.

“*Institutional Investor*” means (a) any original purchaser of a Bond of the Fifty-fourth Series, (b) any holder of a Bond of the Fifty-fourth Series holding (together with one or more of its affiliates) more than \$1,000,000 in aggregate principal amount of the Bonds of the Fifty-fourth Series then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

“*Interest Payment Date*” means June 1 and December 1 in each year, commencing June 1, 2012.

“*Maturity*” means the date on which the principal of the Bonds of the Fifty-fourth Series becomes due and payable, whether at the Stated Maturity Date, upon redemption or acceleration, or otherwise.

“*Record Date*”, with respect to any Interest Payment Date, means the close of business on the Business Day next preceding such Interest Payment Date.

“*Stated Maturity Date*” means December 14, 2041.

(V) Notwithstanding the provisions of Section 106 of the Original Mortgage, as amended, the Company shall not cause any Bonds of the Fifty-fourth Series, or any portion of the principal amount thereof, to be deemed to have been paid as provided in such Section and its obligations in respect thereof to be deemed to be satisfied and discharged prior to the Maturity thereof unless the Company shall deliver to the Trustee either:

(a) an instrument wherein the Company, notwithstanding the effect of Section 106 of the Original Mortgage, as amended, in respect of such Bonds, shall assume the obligation (which shall be absolute and unconditional) to irrevocably deposit with the Trustee such additional sums of money, if any, or additional government obligations (meeting the requirements of Section 106), if any, or any combination thereof, at such time or times, as shall be necessary, together with the money and/or government obligations theretofore so deposited, to pay when due the principal of and premium, if any, and interest due and to become due on such Bonds or portions thereof, all in accordance with and subject to the provisions of Section 106; provided, however, that such instrument may state that the obligation of the Company to make additional deposits as aforesaid shall be subject to the delivery to the Company by the Trustee of a notice asserting the deficiency accompanied by an opinion of an independent accountant showing the calculation thereof (which opinion shall be obtained at the expense of the Company); or

(b) an Opinion of Counsel to the effect that the holders of such Bonds, or portions of the principal amount thereof, will not recognize income,

gain or loss for United States federal income tax purposes as a result of the satisfaction and discharge of the Company's indebtedness in respect thereof and will be subject to United States federal income tax on the same amounts, at the same times and in the same manner as if such satisfaction and discharge had not been effected.

(VI) Anything in this Supplemental Indenture or the Bonds of the Fifty-fourth Series to the contrary notwithstanding, any payment of principal of or premium, if any, or interest on any Bond of the Fifty-fourth Series that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; provided, however, that if the Maturity date of any Bond is a date other than a Business Day, the payment otherwise due at Maturity shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

(VII) The Bonds of the Fifty-fourth Series shall have such further terms as are set forth in Exhibit D hereto. If there shall be a conflict between the terms of the form of bond and the provisions of the Mortgage, the provisions of the Mortgage shall control to the extent permitted by law.

## **ARTICLE II**

### **Outstanding Bonds**

Upon the delivery of this Fifty-third Supplemental Indenture, Bonds of the Fifty-fourth Series in an aggregate principal amount of \$85,000,000 are to be issued and will be Outstanding, in addition to \$1,578,700,000 aggregate principal amount of bonds of prior series Outstanding at the date of delivery of this Fifty-third Supplemental Indenture.

## **ARTICLE III**

### **Miscellaneous Provisions**

SECTION 1. The terms defined in the Original Mortgage shall, for all purposes of this Fifty-third Supplemental Indenture, have the meanings specified in the Original Mortgage.

SECTION 2. The Trustee hereby confirms its acceptance of the trusts in the Original Mortgage declared, provided, created or supplemented and agrees to perform the same upon the terms and conditions in the Original Mortgage set forth, including the following:

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Fifty-third Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company

solely. Each and every term and condition contained in Article XVI of the Original Mortgage, shall apply to and form part of this Fifty-third Supplemental Indenture with the same force and effect as if the same were herein set forth in full, with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this Fifty-third Supplemental Indenture.

SECTION 3. Whenever in this Fifty-third Supplemental Indenture either of the parties hereto is named or referred to, this shall, subject to the provisions of Articles XV and XVI of the Original Mortgage be deemed to include the successors and assigns of such party, and all the covenants and agreements in this Fifty-third Supplemental Indenture contained by or on behalf of the Company, or by or on behalf of the Trustee, or either of them, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

SECTION 4. Nothing in this Fifty-third Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto, the holders of the Bonds Outstanding under the Mortgage, any right, remedy or claim under or by reason of this Fifty-third Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Fifty-third Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the Bonds Outstanding under the Mortgage.

SECTION 5. This Fifty-third Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 6. The titles of the several Articles of this Fifty-third Supplemental Indenture shall not be deemed to be any part thereof.

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IN WITNESS WHEREOF, on the 5<sup>th</sup> day of December, 2011, AVISTA CORPORATION has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, and its corporate seal to be attested by its Corporate Secretary or one of its Assistant Corporate Secretaries for and in its behalf, all in The City of Spokane, Washington, as of the day and year first above written; and on the 5<sup>th</sup> day of December, 2011, CITIBANK, N.A., has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents or one of its Senior Trust Officers or one of its Trust Officers and its corporate seal to be attested by one of its Vice Presidents or one of its Trust Officers, all in The City of New York, New York, as of the day and year first above written.

AVISTA CORPORATION

By: MARK T. THIES

Name: Mark T. Thies

Title: Senior Vice President and  
Chief Financial Officer

Attest:

SUSAN Y. FLEMING

Name: Susan Y. Fleming

Title: Assistant Corporate Secretary

Executed, sealed and delivered  
by AVISTA CORPORATION  
in the presence of:

DIANE C. THOREN

Name: Diane C. Thoren

RYAN L. KRASSELT

Name: Ryan L. Krasselt



CITIBANK, N.A., AS TRUSTEE

By WAFAA ORFY  
Name: Wafaa Orfy  
Title: Vice President

Attest:

LOUIS PISCITELLI  
Name: Louis Piscitelli  
Title: Vice President

Executed, sealed and delivered  
by CITIBANK, N.A.,  
as trustee, in the presence of:

JOHN HANNON  
Name: John Hannon

CIRINO EMANUELE  
Name: Cirino Emanuele

EXHIBIT D

STATE OF WASHINGTON )  
 ) ss.:  
COUNTY OF SPOKANE )

On the 5<sup>th</sup> day of December, 2011, before me personally appeared Mark T. Thies, to me known to be a Vice President of AVISTA CORPORATION, one of the corporations that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Corporation for the uses and purposes therein mentioned and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said Corporation.

On the 5<sup>th</sup> day of December, 2011, before me, a Notary Public in and for the State and County aforesaid, personally appeared Mark T. Thies, known to me to be a Vice President of AVISTA CORPORATION, one of the corporations that executed the within and foregoing instrument and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

RAE AN CORNELL

Notary Public

RAE AN CORNELL

Notary Public

State of Washington

Commission Expires January 29, 2014

STATE OF NEW YORK     )  
  ) ss.:  
COUNTY OF NEW YORK )

On the 5<sup>th</sup> day of December, 2011 before me personally appeared Wafaa Orfy, to me known to be a Vice President of CITIBANK, N.A., one of the corporations that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Corporation for the uses and purposes therein mentioned and on oath stated that she was authorized to execute said instrument and that the seal affixed is the corporate seal of said Corporation.

On the 5<sup>th</sup> day of December, 2011, before me, a Notary Public in and for the State and County aforesaid, personally appeared Wafaa Orfy, known to me to be a Vice President of CITIBANK, N.A., one of the corporations that executed the within and foregoing instrument and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

NOREEN IRIS SANTOS

Notary Public

NOREEN IRIS SANTOS  
Notary Public, State of New York  
Registration #01SA6228750  
Qualified in Nassau County  
Commission Expires Sept. 27, 2014

**EXHIBIT A**

**MORTGAGE, SUPPLEMENTAL INDENTURES  
AND SERIES OF BONDS**

<b><u>MORTGAGE OR SUPPLEMENTAL INDENTURE</u></b>	<b><u>DATED AS OF</u></b>	<b><u>SERIES</u></b>		<b><u>PRINCIPAL AMOUNT ISSUED</u></b>	<b><u>PRINCIPAL AMOUNT OUTSTANDING</u></b>
		<b><u>NO.</u></b>	<b><u>DESIGNATION</u></b>		
Original	June 1, 1939	1	3-1/2% Series due 1964	\$22,000,000	None
First	October 1, 1952	2	3-3/4% Series due 1982	30,000,000	None
Second	May 1, 1953	3	3-7/8% Series due 1983	10,000,000	None
Third	December 1, 1955		None		
Fourth	March 15, 1957		None		
Fifth	July 1, 1957	4	4-7/8% Series due 1987	30,000,000	None
Sixth	January 1, 1958	5	4-1/8% Series due 1988	20,000,000	None
Seventh	August 1, 1958	6	4-3/8% Series due 1988	15,000,000	None
Eighth	January 1, 1959	7	4-3/4% Series due 1989	15,000,000	None
Ninth	January 1, 1960	8	5-3/8% Series due 1990	10,000,000	None
Tenth	April 1, 1964	9	4-5/8% Series due 1994	30,000,000	None
Eleventh	March 1, 1965	10	4-5/8% Series due 1995	10,000,000	None
Twelfth	May 1, 1966		None		
Thirteenth	August 1, 1966	11	6 % Series due 1996	20,000,000	None
Fourteenth	April 1, 1970	12	9-1/4% Series due 2000	20,000,000	None
Fifteenth	May 1, 1973	13	7-7/8% Series due 2003	20,000,000	None
Sixteenth	February 1, 1975	14	9-3/8% Series due 2005	25,000,000	None
Seventeenth	November 1, 1976	15	8-3/4% Series due 2006	30,000,000	None

<b><u>MORTGAGE OR SUPPLEMENTAL INDENTURE</u></b>	<b><u>DATED AS OF</u></b>	<b><u>NO.</u></b>	<b><u>SERIES DESIGNATION</u></b>	<b><u>PRINCIPAL AMOUNT ISSUED</u></b>	<b><u>PRINCIPAL AMOUNT OUTSTANDING</u></b>
Eighteenth	June 1, 1980		None		
Nineteenth	January 1, 1981	16	14-1/8% Series due 1991	40,000,000	None
Twentieth	August 1, 1982	17	15-3/4% Series due 1990-1992	60,000,000	None
Twenty-First	September 1, 1983	18	13-1/2% Series due 2013	60,000,000	None
Twenty-Second	March 1, 1984	19	13-1/4% Series due 1994	60,000,000	None
Twenty-Third	December 1, 1986	20	9-1/4% Series due 2016	80,000,000	None
Twenty-Fourth	January 1, 1988	21	10-3/8% Series due 2018	50,000,000	None
Twenty-Fifth	October 1, 1989	22	7-1/8% Series due 2013	66,700,000	None
		23	7-2/5% Series due 2016	17,000,000	None
Twenty-Sixth	April 1, 1993	24	Secured Medium-Term Notes, Series A (\$250,000,000 authorized)	250,000,000	43,000,000
Twenty-Seventh	January 1, 1994	25	Secured Medium-Term Notes, Series B (\$250,000,000 authorized)	161,000,000	None
Twenty-Eighth	September 1, 2001	26	Collateral Series due 2002	220,000,000	None
Twenty-Ninth	December 1, 2001	27	7.75% Series due 2007	150,000,000	None
Thirtieth	May 1, 2002	28	Collateral Series due 2003	225,000,000	None
Thirty-first	May 1, 2003	29	Collateral Series due 2004	245,000,000	None
Thirty-second	September 1, 2003	30	6.125% Series due 2013	45,000,000	None

<b><u>MORTGAGE OR SUPPLEMENTAL INDENTURE</u></b>	<b><u>DATED AS OF</u></b>	<b><u>NO.</u></b>	<b><u>SERIES DESIGNATION</u></b>	<b><u>PRINCIPAL AMOUNT ISSUED</u></b>	<b><u>PRINCIPAL AMOUNT OUTSTANDING</u></b>
Thirty-third	May 1, 2004	31	Collateral Series due 2005	350,000,000	None
Thirty-fourth	November 1, 2004	32	5.45% Series due 2019	90,000,000	90,000,000
Thirty-fifth	December 1, 2004	33	Collateral Series 2004A	88,850,000	25,000,000
Thirty-sixth	December 1, 2004	34	Collateral Series 2004B	66,700,000	None
		35	Collateral Series 2004C	17,000,000	None
Thirty-seventh	December 1, 2004	36	Collateral Series 2004D	350,000,000	None
Thirty-eighth	May 1, 2005	37	Collateral Series 2005B	66,700,000	None
		38	Collateral Series 2005C	17,000,000	None
Thirty-ninth	November 1, 2005	39	6.25% Series due 2035	100,000,000	100,000,000
				50,000,000	50,000,000
Fortieth	April 1, 2006	40	Collateral Series due 2011	320,000,000	None
Forty-first	December 1, 2006	41	5.70% Series due 2037	150,000,000	150,000,000
Forty-second	April 1, 2008	42	5.95% Series due 2018	250,000,000	250,000,000
Forty-third	November 1, 2008	43	Collateral Series 2008A	200,000,000	None
Forty-fourth	December 1, 2008	44	7.25% Series due 2013	30,000,000	None
Forty-fifth	December 1, 2008	45	Collateral Series 2008B	17,000,000	None
Forty-sixth	September 1, 2009	46	5.125% Series due 2022	250,000,000	250,000,000

<b><u>MORTGAGE OR SUPPLEMENTAL INDENTURE</u></b>	<b><u>DATED AS OF</u></b>	<b><u>NO.</u></b>	<b><u>SERIES DESIGNATION</u></b>	<b><u>PRINCIPAL AMOUNT ISSUED</u></b>	<b><u>PRINCIPAL AMOUNT OUTSTANDING</u></b>
Forty-seventh	September 1, 2009	47	Collateral Series 2009A	75,000,000	None
Forty-eighth	December 1, 2010	48	Collateral Series 2010A	66,700,000	66,700,000
		49	Collateral Series 2010B	17,000,000	17,000,000
Forty-ninth	December 1, 2010	50	3.89% Series due 2020	52,000,000	52,000,000
		51	5.55% Series due 2040	35,000,000	35,000,000
Fiftieth	December 1, 2010	52	1.68% Series due 2013	50,000,000	50,000,000
Fifty-first	February 1, 2011	53	Collateral Series 2011A	400,000,000	400,000,000
Fifty-second	August 1, 2011		None		

**EXHIBIT B**

**FILING AND RECORDING OF  
FIFTY-SECOND SUPPLEMENTAL INDENTURE**

FILING IN STATE OFFICES			
<u>State</u>	<u>Office of</u>	<u>Date</u>	<u>Financing Statement Document Number</u>
Washington	Secretary of State	10/3/11	2011-276-8759-8
Idaho	Secretary of State	10/3/11	B-2011-1098482-9
Montana	Secretary of State	10/3/11	584162965
Oregon	Secretary of State	10/3/11	89016226

RECORDING IN COUNTY OFFICES						
<u>County</u>	<u>Office of</u>	<u>Real Estate Mortgage Records</u>				<u>Financing Statement Document Number</u>
		<u>Date</u>	<u>Document Number</u>	<u>Book</u>	<u>Page</u>	
<b><u>Washington</u></b>						
Adams	Auditor	10/3/11	299010	N/A	N/A	N/A
Asotin	Auditor	10/3/11	326440	N/A	N/A	N/A
Benton	Auditor	10/3/11	2011-027745	N/A	N/A	N/A
Douglas	Auditor	10/3/11	3154743	N/A	N/A	N/A
Ferry	Auditor	10/3/11	279025	N/A	N/A	N/A
Franklin	Auditor	10/3/11	1772588	N/A	N/A	N/A
Garfield	Auditor	10/3/11	20110475	N/A	N/A	N/A
Grant	Auditor	10/3/11	1291492	N/A	N/A	N/A
Klickitat	Auditor	10/4/11	1095003	N/A	N/A	N/A
Lewis	Auditor	10/3/11	3368800	N/A	N/A	N/A
Lincoln	Auditor	10/3/11	2011-0459257	104	3663	N/A
Pend Oreille	Auditor	10/3/11	20110309765	N/A	N/A	N/A
Skamania	Auditor	10/3/11	2011179169	N/A	N/A	N/A
Spokane	Auditor	10/3/11	6033806	N/A	N/A	N/A
Stevens	Auditor	10/3/11	20110006752	N/A	N/A	N/A
Thurston	Auditor	10/5/11	4231448	N/A	N/A	N/A
Whitman	Auditor	10/3/11	706992	N/A	N/A	N/A
<b><u>Idaho</u></b>						
Benewah	Recorder	10/3/11	261010	N/A	N/A	N/A
Bonner	Recorder	10/3/11	816127	N/A	N/A	N/A



Boundary	Recorder	10/3/11	252002	N/A	N/A	N/A
Clearwater	Recorder	10/3/11	217704	N/A	N/A	N/A
Idaho	Recorder	10/3/11	481056	N/A	N/A	N/A
Kootenai	Recorder	10/3/11	2329568000	N/A	N/A	N/A
Latah	Recorder	10/4/11	546901	N/A	N/A	N/A

RECORDING IN COUNTY OFFICES						
<u>County</u>	<u>Office of</u>	<u>Real Estate Mortgage Records</u>				<u>Financing Statement Document Number</u>
		<u>Date</u>	<u>Document Number</u>	<u>Book</u>	<u>Page</u>	
<b><u>Idaho</u></b> <b><u>(cont.)</u></b>						
Lewis	Recorder	10/3/11	139814	N/A	N/A	N/A
Nez Perce	Recorder	10/3/11	794696	N/A	N/A	N/A
Shoshone	Recorder	10/3/11	464308	N/A	N/A	N/A
<b><u>Montana</u></b>						
Big Horn	Clerk & Recorder	10/6/11	344808	117	897	N/A
Broadwater	Clerk & Recorder	10/3/11	166078	138	825	N/A
Golden Valley	Clerk & Recorder	10/3/11	80835	M	15711	N/A
Meagher	Clerk & Recorder	10/3/11	139274	N/A	N/A	N/A
Mineral	Clerk & Recorder	10/4/11	108507	N/A	N/A	N/A
Rosebud	Clerk & Recorder	10/4/201	109082	134	187	N/A
Sanders	Clerk & Recorder	10/3/11	73293	N/A	N/A	N/A
Stillwater	Clerk & Recorder	10/3/11	349091	N/A	N/A	N/A
Treasure	Clerk & Recorder	10/4/11	81635	20	64	N/A
Wheatland	Clerk & Recorder	10/3/11	107027	M	23277	N/A
Yellowstone	Clerk & Recorder	10/4/11	3601207	N/A	N/A	N/A
<b><u>Oregon</u></b>						
Douglas	Recorder	10/3/11	2011-014313	N/A	N/A	N/A
Jackson	Recorder	10/4/11	2011-30525	N/A	N/A	N/A
Josephine	Recorder	10/4/11	2011-011347	N/A	N/A	N/A
Klamath	Recorder	10/4/11	2011-011044	N/A	N/A	N/A
Morrow	Recorder	10/3/11	2011-28882	N/A	N/A	N/A
Union	Recorder	10/4/11	20113298	N/A	N/A	N/A
Wallowa	Recorder	10/3/11	66107	N/A	N/A	N/A

**PROPERTY ADDITIONS**

**First**

**THE ADDITIONAL ELECTRIC SUBSTATIONS AND SUBSTATION SITES OF THE COMPANY**, in the States of Idaho and Washington, including all buildings, structures, towers, poles, equipment, appliances and devices for transforming, converting and distributing electric energy, and the lands of the company on which the same are situated and all of the company's real estate and interests therein, machinery, equipment, appliances, devices, appurtenances and supplies, franchises, permits and other rights and other property forming a part of said substations or any of them, or used or enjoyed or capable of being used or enjoyed in connection with any thereof, including, but not limited to, the following situated in the States of Idaho and Washington, to wit:

1. Latah County, Idaho: "Deary 115kV Substation"; Property No. ID-1L-033; Grantor: Estate of Gerald E. Johnson; Ptn of NE/4 NW/4 in Section 19, Township 40 North, Range 1 West, B.M.
2. Spokane County, Washington: "College & Walnut 115kV Substation"; Property No. WA-32-044; Grantor: River Front Properties, LLC; Lots 1, 4 & 5, portion of Lots 2 & 3, all in Block 8, Chandler's Second Addition to Spokane Falls, situate in SE/4 of Section 13, Township 25 North, Range 42 East, W.M.

**Second**

**ADDITIONAL PROTECTION, MITIGATION AND ENHANCEMENT PROPERTY** of the Company, in the States of Idaho and Montana, real, personal, or mixed, acquired, constructed and/or installed in, on, under and/or proximate to the Company's Clark Fork hydroelectric development (including, without limitation, the Cabinet Gorge Hydroelectric Generating Station and the Noxon Rapids Hydroelectric generating Station) for the purpose of protecting and/or enhancing wildlife (including fish and aquatic life), botanical life and/or wetlands, and/or mitigating any harm or damage thereto, and all other property, real, personal or mixed, used or enjoyed or capable of being used or enjoyed in conjunction therewith, including, but not limited to, the following in the States of Idaho and Montana, to wit:

1. Bonner County, Idaho: "Cabinet Gorge Mitigation": Property No. ID-7B-251; Grantor: Greg S. and Pamela B. Wolf; Portion NE/4, Section 15, Township 57 North, Range 1 East, B.M.
2. Spokane County, Washington: "Long Lake HED"; Property No. WA-32-257; Grantor: David K. and Reynetta G. Deveau; Portion of SE/4 in Section 30, Township 27 North, Range 40 East, W.M.

**EXHIBIT D**

**(Form of Bond)**

The Bonds evidenced hereby have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and may not be offered, sold, pledged or otherwise transferred in contravention of the Securities Act.

PPN 05379B B@5

**AVISTA CORPORATION**

First Mortgage Bond,  
4.45% Series due 2041

REGISTERED

REGISTERED

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

\$ \_\_\_\_\_

**AVISTA CORPORATION**, a corporation of the State of Washington (hereinafter called the Company), for value received, hereby promises to pay to

, or registered assigns, on December 14, 2041

DOLLARS

and to pay the registered owner hereof interest thereon semi-annually in arrears on June 1 and December 1 in each year (each such date being hereinafter called an "Interest Payment Date"), commencing June 1, 2012 and at Maturity (as hereinafter defined), at the rate of four and forty-five one hundredths percentum (4.45%) per annum computed on the basis of a 360-day year consisting of twelve 30-day months, until the Company's obligation with respect to the payment of such principal shall have been discharged. This bond shall bear interest from December 14, 2011 or from the most recent Interest Payment Date on or prior to the date of this bond to which interest on the bonds of this series has been paid. The principal of and premium, if any, and interest on this bond payable at Maturity shall be payable upon presentation hereof at the office or agency of

the Company in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. The interest on this bond (other than interest payable at Maturity) shall be paid by check, in the similar coin or currency, mailed to the registered owner hereof as of the close of business on the Business Day next preceding each Interest Payment Date (each such date being herein called a "Record Date"); provided, however, that if such registered owner shall be a securities depository, such payment shall be made by such other means in lieu of check as shall be agreed upon by the Company, the Trustee and such registered owner; and provided further that, so long as this Bond shall be held by an Institutional Investor (as defined in the Fifty-third Supplemental Indenture referred to below), payment of principal of and premium, if any, and interest on this Bond shall be payable in the manner specified in the Bond Purchase Agreement (as defined in such Fifty-third Supplemental Indenture). Interest payable at Maturity shall be paid to the person to whom principal shall be paid. As used herein, the term "Maturity" shall mean the date on which the principal of this bond becomes due and payable, whether at stated maturity, upon redemption or acceleration, or otherwise.

This bond is one of an issue of bonds of the Company issuable in series and is one of a series known as its First Mortgage Bonds, 4.45% Series due 2041, all bonds of all such series being issued and issuable under and equally secured (except insofar as any sinking or other fund, established in accordance with the provisions of the Mortgage hereinafter mentioned, may afford additional security for the bonds of any particular series) by a Mortgage and Deed of Trust, dated as of June 1, 1939 (the "Original Mortgage"), executed by the Company (formerly known as The Washington Water Power Company) to City Bank Farmers Trust Company and Ralph E. Morton, as Trustees (Citibank, N.A., successor Trustee to both said Trustees). The Original Mortgage has been amended and supplemented by various supplemental indentures, including the Fifty-third Supplemental Indenture, dated as of December 1, 2011 (the "Fifty-third Supplemental Indenture"), and, as so amended and supplemented, is herein called the "Mortgage". Reference is made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds and of the Trustee in respect thereof, the duties and immunities of the Trustee and the terms and conditions upon which the bonds are and are to be secured and the circumstances under which additional bonds may be issued. If there shall be a conflict between the terms of this bond and the provisions of the Mortgage, the provisions of the Mortgage shall control to the extent permitted by law. The holder of this bond, by its acceptance hereof, shall be deemed to have consented and agreed to all of the terms and provisions of the Mortgage and, further, in the event that such holder shall not be the sole beneficial owner of this bond, shall be deemed to have agreed to use all commercially reasonable efforts to cause all direct and indirect beneficial owners of this bond to have knowledge of the terms and provisions of the Mortgage and of this bond and to comply therewith, including particularly, but without limitation, any provisions or restrictions in the Mortgage regarding the transfer or exchange of such beneficial interests and any legend set forth on this bond.

The Mortgage may be modified or altered by affirmative vote of the holders of at least 60% in principal amount of the bonds outstanding under the Mortgage, considered as one class, or, if the rights of one or more, but less than all, series of bonds then outstanding are to be affected, then such modification or alteration may be effected with the affirmative vote only of 60% in principal amount of the bonds outstanding of the series so to be affected, considered as one class, and, furthermore, for limited purposes, the Mortgage may be modified or altered without any consent or other action of holders of any series of bonds. No modification or alteration shall, however, permit an extension of the Maturity of the principal of, or interest on, this bond or a reduction in such principal or the rate of interest hereon or any other modification in the terms of payment of such principal or interest or the creation of any lien equal or prior to the lien of the Mortgage or deprive the holder of a lien on the mortgaged and pledged property without the consent of the holder hereof.

The principal hereof may be declared or may become due prior to the stated maturity date on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a Completed Default as in the Mortgage provided.

As provided in the Mortgage and subject to certain limitations therein set forth, this bond or any portion of the principal amount hereof will be deemed to have been paid if there has been irrevocably deposited with the Trustee moneys or direct obligations of or obligations guaranteed by the United States of America, the principal of and interest on which when due, and without regard to any reinvestment thereof, will provide moneys which, together with moneys so deposited, will be sufficient to pay when due the principal of and premium, if any, and interest on this bond when due.

The Mortgage contains terms, provisions and conditions relating to the consolidation or merger of the Company with or into, and the conveyance or other transfer, or lease, of assets to, another corporation and to the assumption by such other corporation, in certain circumstances, of all of the obligations of the Company under the Mortgage and on the bonds secured thereby.

In the manner prescribed in the Mortgage, this bond is transferable by the registered owner hereof in person, or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York, upon surrender and cancellation of this bond, together with a written instrument of transfer whenever required by the Company duly executed by the registered owner or by its duly authorized attorney, and, thereupon, a new fully registered bond of the same series for a like principal amount will be issued to the transferee in exchange herefor as provided in the Mortgage. The Company and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes.

In the manner prescribed in the Mortgage, any bonds of this series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough

of Manhattan, The City of New York, are exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

The bonds of this series shall be redeemable in whole at any time or in part from time to time, at the option of the Company, upon notice mailed as provided in Section 52 of the Mortgage, at the option of the Company at a redemption price equal to the greater of

(a) 100% of the principal amount of the bonds being redeemed,  
and

(b) the sum of the present values of the remaining scheduled payments of principal of and interest (not including any portion of any scheduled payment of interest which accrued prior to the redemption date) on the bonds being redeemed discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the Treasury Yield (as hereinafter defined) plus 50 basis points,

*plus*, in the case of either (a) or (b) above, whichever is applicable, accrued interest on such Bonds to the date of redemption.

“Treasury Yield” means, with respect to any redemption of the bonds of this series, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price. The Treasury Yield shall be calculated as of the third business day preceding the redemption date (the “Calculation Date”).

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the bonds of this series that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the bonds.

“Comparable Treasury Price” means, (A) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the Calculation Date, as set forth in the H.15 Daily Update of the Federal Reserve Bank of New York or (B) if such release (or any successor release) is not published or does not contain such prices on such business day, the Reference Treasury Dealer Quotation for the Calculation Date.

“H.15(519)” means the weekly statistical release entitled “Statistical Release H.15 (519)”, or any successor publication, published by the Board of Governors of the Federal Reserve System.

“H.15 Daily Update” means the daily update of H.15(519) available through the worldwide website of the Board of Governors of the Federal Reserve System or any successor site or publication.

“Independent Investment Banker” means Merrill Lynch, Pierce, Fenner & Smith Incorporated or, if so determined by the Company, any other independent investment banking institution of national standing appointed by the Company and reasonably acceptable to the Trustee.

“Reference Treasury Dealer Quotation” means, with respect to the Reference Treasury Dealer, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount and quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the Calculation Date).

“Reference Treasury Dealer” means a primary U.S. Government securities dealer in New York City appointed by the Company and reasonably acceptable to the Trustee.

Except as provided above, the bonds of this series are not redeemable prior to their stated maturity date.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this bond against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any predecessor or successor corporation, as such, either directly or through the Company or any predecessor or successor corporation, under any rule of law, statute or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors being released by the holder or owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

This bond shall not become obligatory until Citibank, N.A., the Trustee under the Mortgage, or its successor thereunder, shall have signed the form of certificate endorsed hereon.

**IN WITNESS WHEREOF**, AVISTA CORPORATION has caused this bond to be signed in its corporate name by its President or one of its Vice Presidents by his signature or a facsimile thereof, and its corporate seal to be impressed or imprinted hereon and attested by its Corporate Secretary or one of its Assistant Corporate Secretaries by his signature or a facsimile thereof.

Dated:

AVISTA CORPORATION

By: \_\_\_\_\_

Name:

Title:

ATTEST: \_\_\_\_\_

Name:

Title:

EXHIBIT D



**TRUSTEE'S CERTIFICATE**

This bond is one of the bonds of the series herein designated, described or provided for in the within-mentioned Mortgage.

CITIBANK, N.A.  
Trustee

By \_\_\_\_\_  
Authorized Signatory

Exhibit D