

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UF 4225

In the Matter of)	
)	
AVISTA CORPORATION)	ORDER
)	
Application for Authority to Issue and Sell)	
5,000,000 shares of Common Stock.)	

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS
AND REPORTING REQUIREMENTS**

On April 10, 2006, Avista Corporation (Avista or Company), filed an application with the Public Utility Commission of Oregon (Commission), pursuant to ORS 757.415 and OAR 860-027-0030 for authority to issue up to five million shares of common stock. The basis for the current request is detailed in Staff's Report, attached as Appendix A, and incorporated by reference.

Based on a review of the application and the Commission's records, the Commission finds that this application satisfies applicable statutes and administrative rules. At its public meeting on June 27, 2006, the Commission adopted Staff's recommendation and approved Avista's current request.

ORDER

IT IS ORDERED that the application of Avista Corporation for the authority to issue and sell up to five million shares of common stock is approved, subject to the conditions and reporting requirements specified in Appendix A.

Made, entered, and effective JUL 05 2006.



BY THE COMMISSION:

Becky L. Beier

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

ITEM NO. CA15

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 27, 2006

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: June 6, 2006

TO: Public Utility Commission

FROM: Thomas D. Morgan *DDM*

THROUGH: *in* Lee Sparling, *not by BK* Marc Hellman, and *BK* Bryan Conway

SUBJECT: AVISTA CORPORATION: (Docket No. UF 4225) Application for authority to issue and sell five million shares of Common Stock.

STAFF RECOMMENDATION:

The Commission should approve Avista Corp's (Avista or Company) application to issue common equity, subject to the following conditions and reporting requirements:

- 1) The Company shall file the usual Report of Securities Issued and Disposition of Net Proceeds statement as soon as possible after any issuance. Upon each issuance of Securities, the Company shall file documentation with the Commission providing a specific description of the terms and conditions of each issuance of the Securities.
- 2) The Company shall demonstrate that the rate(s) it achieves on new securities is consistent with market rates or otherwise demonstrate that the rate(s) it achieves is competitive. The demonstrations should be filed as soon as possible after each issuance and sale and will include a demonstration that fees for partial issuances are reasonable.
- 3) The requested authority (five million common shares) in this authorization is in addition to the remaining authority to issue two million shares granted by the Commission in Order 06-014, Docket UF 4223.
- 4) If any agents or underwriters are involved in the sale of the common equity, the names of such, the initial price to the public, any applicable commissions or discounts and the net proceeds to the Company shall be filed with the Commission.

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June 6, 2006
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- 5) For ratemaking purposes, the Commission will reserve judgment on the reasonableness of the Company's capitalization structure and all expenses incurred for security issuances. In its next rate proceeding, the Company will be required to show that its capitalization structure and capital costs, including imbedded expenses, are just and reasonable.

DISCUSSION:

On April 10, 2006, Avista filed an application pursuant to Oregon Revised Statutes (ORS) 757.415, and Oregon Administrative Rule (OAR) 860-027-0030 for authority to issue up to five million shares of common equity.

Expense

Fees will not exceed 1.0 percent of the aggregate principal amount of any direct sales or periodic offering program and 5.0 percent for underwritten transactions. This amount appears reasonable, compared to recent market transactions.

Use of Proceeds

Avista will use the proceeds of any issuance under this authority for the following purposes: the construction, facility improvement and maintenance program; the discharge, retirement or exchange of existing obligations which were incurred for utility purposes permitted under ORS 757.415; or the reimbursement of the Company treasury for funds used for the foregoing purposes, except the maintenance of service and replacements; or other purposes allowed by law. To the extent proceeds are used to reimburse the treasury for funds used to discharge or lawfully refund obligations, such obligations were incurred for purposes described in ORS 757.415 (1).

Prior to finalizing the Staff memo, the proposed Conditions were shared with the Company and the Company is agreeable to them.

PROPOSED COMMISSION MOTION:

Avista Corp's application, UF 4225, be approved subject to Staff's conditions and reporting requirements.

UF 4225 – Avista Authority to issue Five Million Shares of Common Equity