

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UF 4223(1)

In the Matter of)	
)	
AVISTA CORPORATION)	ORDER
)	
Requests the Commission Amend Order)	
No. 06-014.)	

DISPOSITION: APPROVED WITH CONDITION AND REPORTING REQUIREMENT

On December 5, 2005, 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. Avista requested the authority to issue and sell up to 7,000,000 shares of common stock under both a periodic offering program (POP: 2,000,000) and Avista’s Long-Term Incentive Plan (LTIP: 5,000,000). On January 17, 2006, Order No. 06-014 was issued granting the requested authority with conditions and reporting requirements.

On September 7, 2006, Avista filed an application requesting the Commission amend Order No. 06-014. The requested amendment revises the company’s agent fee expenses from the current “not be above 25 cents per share” to “1.0% of the sale price for each share of Common Stock sold by such agent.” The basis for the current request is detailed in Staff’s Report, attached as Appendix A.

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 September 19, 2006, the Commission adopted Staff’s recommendation and approved Avista's current request.

ORDER

IT IS ORDERED that:

1. Avista Corporation's request to amend Commission Order No. 06-014 is approved.
2. Avista shall file the usual Report of Securities Issued and Disposition of Net Proceeds Statements after each issuance and sale.
3. All previous conditions set forth in Order No. 06-014 remain in effect, except as modified by the adoption of Staff's recommendations presented at the September 19, 2006, Public Meeting.

Made, entered and effective SEP 21 2006.

BY THE COMMISSION:



Becky L Beier
Becky 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. CA23

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 19, 2006

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: September 12, 2006

TO: Public Utility Commission

FROM: Ming Peng *mp.*

THROUGH: Lee Sparling, *lu* Marc Hellman, *A* and Bryan Conway *BC*

SUBJECT: AVISTA UTILITIES: (Docket No. UF 4223 (1)) Requests the Commission Amend Order No. 06-014.

STAFF RECOMMENDATION:

I recommend that the Public Utility Commission of Oregon (Commission) approve Avista Utilities' (Avista or Company) request to amend Commission Order No. 06-014 with the following conditions and reporting requirements. All previous conditions remain in effect unless explicitly amended herein:

1. Avista shall file the usual Report of Securities Issued and Disposition of Net Proceeds Statements after each issuance and sale.
2. The total agent fee expenses under the Periodic Offering Program (POP) will not exceed 1.0 percent of the sale price for each share of Common Stock.

DISCUSSION:

On December 5, 2005, the Company filed an application pursuant to Oregon Revised Statutes (ORS) 757.415, and Oregon Administrative Rule (OAR) 860-027-0030 for authority to issue and sell up to 7,000,000 shares of common stock under both a POP (2,000,000) and the Company's Long Term Incentive Plan (LTIP: 5,000,000).

On January 17, 2006, Order No. 06-014 was issued granting the requested authority, but with conditions and reporting requirements.

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On September 7, 2006, Avista filed an application requesting the Commission amend Order No. 06-014. Under Order No. 06-014, the Company has not yet issued any shares of common stock under the POP.

The requested amendment revises the Company's agent fee expenses from the current "not be above 25 cents per share" to "1.0 % of the sale price for each share of Common Stock sold by such agent." Avista represents that the requested change in agent fee expenses came from a change in the compensation to the agents for the services provided in selling the Common Stock under the POP. The preliminary agent's fee structure was \$0.25 per share; the current agent fee structure has changed to 1% of the stock price. In order for the Company to receive the proper legal opinions necessary to move forward with the issuance of Common Stock, the modification needs to be made to address the new issuance fee structure.

Avista also represents that the change may create a reduction in fees paid to agents. The range of the Avista's stock price over the past 52-weeks has been \$16.76 - \$25.29 equating to a fee ranging from \$0.17 - \$0.25 per share as apposed to a flat \$0.25 per share. Avista's stock price as of September 12, 2006, was \$23.64.

Based on Staff's review, approval of Avista's application to amend Commission Order No. 06-014 with the proposed conditions will provide reasonable access to the capital markets. The application appears reasonable, meets the appropriate statutory requirements, and is not contrary to the public interest.

PROPOSED COMMISSION MOTION:

Avista's request to amend Commission Order No. 06-014 to revise the Company's agent fee expenses be approved with Staff's conditions.

UF 4223 (1) – Avista Requests the Commission Amend Order No. 06-014.