

Avista Corp.

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October 7, 2008

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

RE: UF 4246
Order No. 08-143

Avista Corporation requests that the Commission amend Order No. 08-143, granted on February 29, 2008, to increase the amount of securities authorized to be issued to \$550 million. Avista would also like to amend the parameters around the interest rates and the terms of the securities.

In Order No. 08-143, the Commission authorized the Applicant to issue up to \$350 million of securities with a maximum interest rate of 7% and with terms of 10-31 years. The Applicant now requests that the authorized amount be increased to \$550 million with a maximum coupon (defined as the coupon plus any discount on the bonds) rate of 8.5% and terms of 5-31 years.

The Applicant has issued, of the \$350,000,000 previously authorized, \$250,000,000 of First Mortgage Bonds. The 5.95% Series due 2018 of First Mortgage bonds which closed on April 3, 2008, leaves \$100,000,000 in aggregate principal amount of debt securities authorized pursuant to the current authorization. The Applicant has a substantial amount of capital expenditures in the coming years and this additional authority will allow the Applicant to meet those needs. Also, under the current unpredictable and volatile market environment the added flexibility these amendments add would allow the Applicant to access the debt markets when the opportunity arises.

Please do not hesitate to contact Paul Kimball at (509) 495-4584 should you need any additional information or have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Diane C. Thoren".

Diane C. Thoren
Assistant Treasurer

As provided in the Company's Application, the following maximum total spreads over Treasury yields represent alternate limitations from the 8.5 percent per annum (defined as the coupon plus any discount on the bonds) cost to maturity limitation.

Interest rate on Bonds:

The interest rate on Bonds will be determined at the time of issuance. The proposed maximum Spread over the applicable Treasury security for various maturities is listed below.

Table 1
Taxable Debt Spreads over US Treasury
Fixed-Rate Spreads

<u>Greater Than or Equal To</u>	<u>Less Than</u>	<u>Maximum Spread Over Benchmark Treasury Yield</u>
9 months	2 years	+ 350 basis points
2 years	3 years	+ 360 basis points
3 years	4 years	+ 370 basis points
4 years	6 years	+ 380 basis points
6 years	9 years	+ 395 basis points
9 years	10 years	+ 400 basis points
10 years	11 years	+ 405 basis points
11 years	15 years	+ 415 basis points
15 years	20 years	+ 420 basis points
20 years or more		+ 425 basis points