

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 13, 2002

AVISTA CORPORATION

(Exact name of registrant as specified in its charter)

Washington

1-3701

91-0462470

(State or other jurisdiction of
incorporation or organization)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

1411 East Mission Avenue, Spokane, Washington

99202-2600

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:
Web site: <http://www.avistacorp.com>

509-489-0500

(Former name or former address, if changed since last report)

TABLE OF CONTENTS

[Item 5. Other Information](#)

[Item 7. Exhibits](#)

[SIGNATURES](#)

[EXHIBIT 99\(A\)](#)

[EXHIBIT 99\(B\)](#)

[Table of Contents](#)

Item 5. Other Information

Shareholder lawsuit

On June 13, 2002, Gail West filed a derivative lawsuit in the Superior Court of Washington, Spokane County, against the board of directors of Avista Corporation (Avista Corp. or the Company). The complaint alleges that the Company's board of directors breached their fiduciary duties by causing the Company to engage in improper trading activities and then trying to cover them up when questioned by the Federal Energy Regulatory Commission (FERC). Avista Corp. has twice provided information to the FERC showing that it has not engaged in improper trading activities. The Company's press release disclosing this shareholder lawsuit is filed as exhibit 99(a) hereto. Further information about the FERC inquiry can be found in the Company's Current Reports on Form 8-K filed on May 28, 2002, June 6, 2002 and June 18, 2002.

U.S. Commodity Futures Trading Commission (CFTC) Subpoena

On June 17, 2002, the CFTC issued a subpoena to Avista Corp. requesting, among other things, records related to any "round-trip" trading practices, also known as "wash" trading, that may have occurred since January 2000. In a previous response to the FERC, Avista Corp. indicated that it does not engage in "wash" or "round-trip" trading. The CFTC subpoena applies to both Avista Utilities, the regulated utility operating division of the Company and Avista Energy, the Company's energy trading and marketing subsidiary. The Company's press release disclosing the CFTC subpoena is filed as exhibit 99(a) hereto.

Washington Utilities and Transportation Commission (WUTC) Order on Washington Electric Rate Case

On June 18, 2002, the WUTC issued an order approving a settlement stipulation between Avista Corp., the staff of the WUTC, the Public Counsel Section of the Washington Attorney General's Office and the Industrial Customers of Northwest Utilities resolving all remaining issues in Avista Corp.'s Washington electric rate case. The WUTC order will become effective on July 1, 2002. The Company's press release disclosing the WUTC order is filed as exhibit 99(b) hereto. Further information about this settlement stipulation can be found in the Company's Current Report on Form 8-K filed on June 6, 2002.

Neither the filing of any press release as an exhibit to this Current Report nor the inclusion in such press releases of a reference to the Company's Internet address shall, under any circumstances, be deemed to incorporate the information available at such Internet address into this Current Report. The information available at the Company's Internet address is not part of this Current Report or any other report filed by the Company with the Securities and Exchange Commission.

Item 7. Exhibits

99(a) Press Release dated June 21, 2002.

99(b) Press Release dated June 18, 2002.

[Table of Contents](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVISTA CORPORATION

(Registrant)

Date: June 25, 2002

/s/ Jon E. Eliassen

Jon E. Eliassen
Senior Vice President and
Chief Financial Officer
(Principal Accounting and
Financial Officer)



News Release

Contact: Media: Hugh Imhof (509) 495-4264 hugh.imhof@avistacorp.com
Investors: Angela Teed (509) 495-2930 angela.teed@avistacorp.com

FOR IMMEDIATE RELEASE:

June 21, 2002
5:00 p.m. EDT

Avista Continues to Cooperate with Energy Inquiries
Company prepares response to subpoena from CFTC and to individual shareholder lawsuit

Spokane, Wash.: Avista Corp. (NYSE:AVA) said today that it has received a subpoena from the U.S. Commodity Futures Trading Commission (CFTC) seeking, among other things, records related to any “round-trip” trading practices, also known as “wash” trading, that may have occurred since January 2000. Avista believes it is among a number of firms that have received a similar inquiry.

In a previous response to the Federal Energy Regulatory Commission (FERC), Avista clarified that it does not engage in “wash” or “round-trip” trading.

“Avista’s business practices are legal and ethical,” said Gary G. Ely, chairman, president and chief executive officer of Avista Corp. “We will cooperate fully with the CFTC to ensure that all relevant information is made available for both Avista Utilities and Avista Energy.”

In a separate legal action, an individual shareholder has filed a derivative lawsuit in the Superior Court of Washington, Spokane County, against Avista’s board of directors. The suit alleges that the Avista board members breached their fiduciary duties “by causing the company to engage in improper trading activities and then trying to cover them up when questioned by FERC.” Avista has twice provided to FERC information showing that the company has engaged in no improper transactions.

About Avista Corp.

Avista Corp. is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. Avista Utilities is a company operating division that provides electric and natural gas service to customers in four western states. Avista’s non-regulated affiliates include Avista Advantage, Avista Labs and Avista Energy. Avista Corp.’s stock is traded under the ticker symbol “AVA” and its Internet address is www.avistacorp.com.

Avista Corp. and the Avista Corp. logo are trademarks of Avista Corporation. All other trademarks mentioned in this document are the property of their respective owners.



News Release

Contact: Media: Catherine Markson (509) 495-2916 catherine.markson@avistacorp.com
Investors: Angela Teed (509) 495-2930 angela.teed@avistacorp.com

FOR IMMEDIATE RELEASE:
June 18, 2002

WUTC Approves Settlement on Avista's Washington Electric Rate Case
*Order concludes general rate case; establishes an
energy recovery mechanism and adds no additional increase in electric prices*

Spokane, Wash.: The Washington Utilities and Transportation Commission (WUTC) today approved as filed the all-party settlement agreement providing early resolution of all remaining issues in Avista Corp's (**NYSE: AVA**) general rate case to become effective on July 1, 2002.

"This order provides a platform on which we can rebuild our financial strength by resolving the uncertainty of power cost recovery while still offering our customers some of the lowest residential electric rates in the country," said Gary G. Ely, Avista Corp. board chairman, president and chief executive officer. "We applaud the effort and hard work by those involved in reaching this settlement that resolves many of the challenging financial issues facing our company and our customers during this trying time for our industry."

Under the WUTC order, there will be no further incremental price increase to Avista's Washington electric customers. Avista's previous price increases, which have totaled 31.2 percent since October 2001, will be restructured to provide recovery of the company's ongoing costs of providing service to customers and to continue recovery of deferred power costs. The first 19.3 percent of the prior price increase will contribute to earnings, reflecting resolution of the company's general rate increase request, including recovery of costs associated with placing new generating plants into service. The remaining 11.9 percent will be used to continue to recover allowable deferred power costs over a period projected to extend through 2007.

Included in the issues resolved by the WUTC order is the establishment of an energy recovery mechanism (ERM), similar to the power cost adjustment mechanism Avista already has in place in Idaho. The ERM will allow Avista to adjust electric rates up or down over time to reflect changes in power supply-related costs.

— more —

page 2 WUTC Approves Settlement on Avista's Washington Electric Rate Case

Under the ERM, Avista will absorb or benefit from the first \$9 million annually of energy cost differences above or below the amount included in base retail rates. Ninety percent of the energy cost differences exceeding the initial \$9 million will be deferred for later rebate or surcharge to customers.

In order to lessen the impact of the prior rate increase on customers, Avista has agreed to contribute \$150,000 annually to Project Share—an emergency energy assistance fund—until the electric deferral balance reaches zero. Among other measures, the company will also extend the winter low-income payment program and continue to build additional customer awareness of Project Share and the company's Customer Assistance Referral and Education Service (CARES) program.

The settlement was reached with Avista, the staff of the WUTC, the Public Counsel Section of the Washington Attorney General's Office and the Industrial Customers of Northwest Utilities. It provides early resolution to all issues related to Avista's Washington general electric rate case, which the company filed in December 2001.

Approximately 67 percent of the company's annual electric revenues are derived from eastern Washington where the company serves 210,000 electric customers.

Avista Corp. is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. Avista Utilities is a company operating division that provides electric and natural gas service to customers in four western states. Avista's non-regulated affiliates include Avista Advantage, Avista Labs and Avista Energy. Avista Corp.'s stock is traded under the ticker symbol "AVA" and its Internet address is www.avistacorp.com

Avista Corp. and the Avista Corp. logo are trademarks of Avista Corporation. All other trademarks mentioned in this document are the property of their respective owners.

This news release contains forward-looking statements regarding the company's current expectations. Forward-looking statements are all statements other than historical facts. Such statements speak only as of the date of the news release and are subject to a variety of risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the expectations. These risks and uncertainties include, in addition to those discussed herein, all of the factors discussed in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2001, and Form 10-Q for the quarter ended March 31, 2002.