

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR AN) CASE NO. AVU-U-19-02
ORDER AUTHORIZING THE OFFERING,)
ISSUANCE, AND SALE OF DEBT) ORDER NO. 34386
SECURITIES NOT TO EXCEED \$600,000,000.)**

On July 1, 2019, Avista Corporation (“Avista” or “the Company”) applied to the Commission under *Idaho Code* §§ 61-901, *et seq.* for authority to offer, issue, and sell debt securities up to \$600 million. This is in addition to previous authorizations this Commission has approved, of which \$195 million remain. *See* Order No. 33978.

After the Company filed its Application, Commission Staff recommended that the Commission approve the requested authority on certain conditions. Based on our review of the record, we issue this Order approving the Application as noted below.

THE APPLICATION

Avista is a Washington corporation that is qualified to do business in the State of Idaho. The Company generates, transmits, distributes, and sells electricity in northern Idaho and eastern Washington. It also distributes and sells natural gas in eastern Washington, northern Idaho, and central and southwest Oregon. With this Application, the Company asks for authority to offer, issue, and sell up to \$600,000,000 of secured or unsecured, fixed or variable rate, debt securities (“Debt”). The Debt maturity will be established with each issuance and will not be less than nine months nor more than 50 years. The interest rate for the Debt will be either fixed or floating, and will be decided at the time of issuance. If the Company issues Debt with a floating rate, the interest rate will be reset periodically based on an index (generally LIBOR), commercial paper, or U.S. Treasury bills. If the Company issues Debt with a fixed rate, the rate shall be based upon the maturity period of that Debt.

If the Company issues secured debt, it will do so by issuing First Mortgage Bonds (“FMBs”): a traditional debt-financing vehicle utilized by utilities that can be offered in both public offerings and private placement. FMBs constitute a lien under the Mortgage and Deed of Trust, dated as of June 1, 1939, as amended and supplemented by various supplemental indentures since the inception of the Mortgage and Deed of Trust. This lien acts as collateral for the

bondholder. If the Company issues unsecured debt, the loan would not be collateralized by any lien or any specific asset of the Company.

Net proceeds from the sale of the Debt will be used to improve and maintain the Company's service; discharge or lawfully refund the Company's obligations; reimburse money actually expended for these purposes from income or from other money in the treasury not secured by or obtained from the issuance, assumption, or guarantee of securities; or any other purpose the Commission approves or that is authorized by law.

Consistent with standard reporting requirements established by our prior orders, Avista will file the terms of the proposed Debt issuance(s) and subsequent changes to the terms with Commission Staff. This informational filing will be made seven days (or as soon as possible) before issuance. Avista will also file with the Commission the "Report of Securities Issued" and verified copies of any agreement entered into pursuant to this Order for these issuances as soon as they become available, and update the Commission if any changes occur. Avista is rated Baa2 by Moody's and BBB by S& P Global.

The Company indicated that no person has received or would be entitled to receive any fee: (1) for services connected with the Debt issuance and sale, other than fees for underwriting, private placement, legal, accounting or similar professional or technical services; or (2) for services in securing underwriters, sellers, or purchasers of the Debt.

STAFF REVIEW AND RECOMMENDATION

Staff recommended the Commission approve the authority to issue up to \$600,000,000 of Debt. Staff also recommended that the authority under this initial approval be continuing (without further order required), provided Avista complies with both of the following conditions: a) Avista must maintain senior secured debt ratings that are investment grade, and b) the all-in-coupon rate (including fees) must not exceed 8.0% for securities issued pursuant to this authority.

Finally, Staff recommended the Commission order the Company to file the terms of the proposed issuances of securities, and any subsequent change to the terms, with the Commission within seven days (or as soon as possible) before the issuance occurs. Staff recommended that the Commission order the Company to file a) the "Report of Securities Issued" required by 18 C.F.R. § 34.10, and b) verified copies of any agreement entered into in connection with the Company's sales and issuances of securities under this Order.

FINDINGS AND DISCUSSION

Avista is a Washington corporation that is qualified to do business in Idaho. The Company is a public utility engaged in the generation, purchase, transmission, distribution and sale of electric energy and the purchase, distribution, and sale of natural gas. The Company is a gas corporation within the definition of *Idaho Code* § 61-117, an electric corporation within the definition of *Idaho Code* § 61-119, and a public utility within the definition of *Idaho Code* § 61-129. The Commission has jurisdiction over this Application under *Idaho Code* § 61-901, *et seq.*

We find that the proposed transaction is in the public interest and a formal hearing on this matter is not required. We further find that the proposed issuance is for a lawful purpose and is within the Company's corporate powers, that the Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure, IDAPA 31.01.01.141-150, and that the Company has paid all fees due under *Idaho Code* § 61-905. Accordingly, we find that the Application should be approved and the proposed financing should be allowed.

The Commission's Order approving the proposed financing and the general purposes to which the proceeds may be put is not a determination that the Commission approves of the particular use to which these funds will be put. The Order also is not a Commission determination or approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination, and so does not determine, the effect of the proposed transaction on rates the Company will charge for electric or natural gas service.

ORDER

IT IS HEREBY ORDERED that the Company's Application to issue and sell up to \$600,000,000 of secured or unsecured notes—with proposed maturity dates not less than nine months nor more than fifty years—is granted.

IT IS FURTHER ORDERED that Avista shall file the following as they become available:

1. The "Report of Securities Issued" required by 18 C.F.R. § 34.10; and
2. Verified copies of any agreement entered into in connection with the Company's sales and issuances of common stock under this Order.

IT IS FURTHER ORDERED that Avista shall file the terms of the proposed issuances of securities, and any subsequent change to the terms, with the Commission within seven days, or as soon as possible, before the issuance occurs.

IT IS FURTHER ORDERED that this initial approval be continuing, provided Avista complies with both of the following conditions:

- 1) Avista must maintain senior secured debt ratings that are investment grade, and
- 2) The all-in-coupon rate (including fees) must not exceed 8.0% for securities issued pursuant to this authority.

IT IS FURTHER ORDERED that the issuance of this Order does not constitute acceptance of Avista's exhibits or other material accompanying this Application for any purpose other than the issuance of this Order.

IT IS FURTHER ORDERED that nothing in this Order or any act or deed performed in connection with this Order shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of this Order.

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the Commission's regulatory authority regarding rates, utility capital structure, service accounts, valuation, estimates for determination of cost, or any other matter that may come before this Commission pursuant to its jurisdiction and authority as provided by law.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 31st
day of July 2019.



PAUL KJELLANDER, PRESIDENT

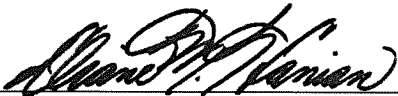


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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