

## DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE**

**FROM: JOSEPH TERRY  
TERRI CARLOCK**

**DATE: JULY 26, 2019**

**RE: AVISTA CORPORATION'S REQUEST FOR AUTHORIZATION TO  
ISSUE AND SELL SECURITIES; CASE NO. AVU-U-19-02**

On July 1, 2019, Avista Corporation (Avista, Company) filed an Application requesting authority to offer, issue, and sell up to \$600,000,000 secured or unsecured Debt Securities (Debt). This is in addition to previous authorizations approved by the Commission, of which \$195,000,000 remain. The correct filing fees were received on July 8, 2019.

The Debt maturity will be established with each issuance and will be less than nine months nor more than fifty years. The interest rate could 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 Treasury Bills. If the Company issues Debt with a fixed rate it will be at a rate based upon the maturity period of that Debt. The spread over Treasury Yield ranges from 185 basis points to 265 basis points for Secured issuances and 215 basis points to 295 basis points for unsecured issuances.

Net proceeds from the sale of Debt will be used for (a) the improvement and maintenance of its service; (b) the discharge or lawful refunding of its obligations; (c) the reimbursement of moneys actually expended for said purposes from income or from other moneys in the treasury not secured by or obtained from the issue, assumption or guarantee of securities; or (d) any other purpose approved by the Commission or authorized by law.

Consistent with standard reporting requirements established by prior orders, Avista will file the terms of the proposed debt issuance(s) and subsequent changes to the terms with the Commission Staff. This informational filing should be made seven days, or as soon as possible,

prior to the issuance. Avista will file with the Commission the "Report or Securities Issued" and verified copies of any agreement entered into pursuant to this Order for these issuance as soon as they become available and update if any changes occur.

Avista is rated Baa2 by Moody's and BBB by S&P Global ratings. Staff has reviewed and found that prudent use of these proposed issuances should have minimal risk to changing the capital ratios significantly.

### **STAFF RECOMMENDATION**

Staff recommends the Commission approve the authority to issue an additional \$600,000,000 of Debt Securities. In addition, Staff recommends that the authority under this initial approval be continuing (without further order required) provided Avista maintains senior secured debt ratings that are investment grade (Baa3 for Moody's or BBB- for S&P or that the all-in-coupon rate, including fees, does not exceed 8.0%.

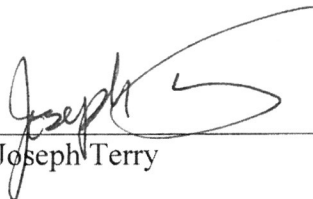
Staff recommends the Commission order Avista to adhere to the standard reporting requirements mentioned above.

### **COMMISSION DECISION**

Does the Commission approve Avista Corporation's request for authority to issue an additional \$600,000,000 of debt securities?

Does the Commission wish to allow the debt authority under this Order to be continuing during the authorized term provided the senior secured debt rating levels remain investment grade or the all-in-coupon rate, including fees, remains below 8.0%?

Does the Commission wish to require Avista to make the identified reporting filing requirements?

  
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Joseph Terry

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