

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF AVISTA)
CORPORATION'S APPLICATION FOR) CASE NO. AVU-U-20-01
AUTHORITY TO ENTER INTO CREDIT)
FACILITIES UP TO \$500,000,000) ORDER NO. 34604**

On February 28, 2020, Avista Corporation (“Company”) applied to the Idaho Public Utilities Commission for an Order allowing it to enter into one or more debt credit facilities of up to \$500,000,000 in total (the “Credit Facilities”). The Commission, having considered the record, enters this Order approving the Application.

THE APPLICATION

Avista is a Washington corporation qualified to do business in the State of Idaho. It generates, transmits, distributes, and sells electricity in northern Idaho, eastern Washington, and western Montana. It also distributes and sells natural gas in eastern Washington, northern Idaho, and central and southwest Oregon.

With this Application, Avista asks the Commission to authorize it to enter one or more debt Credit Facilities of up to \$500,000,000 in total. The term of the Credit Facilities will be for five years—expiring in 2025—with an option to extend the term up to two years. The Credit Facilities may include issuance of secured or unsecured bonds, notes, or other indebtedness. Avista proposes that any guarantee of indebtedness may be refunded, extended, renewed, or replaced within the authorized timeframe. The requested authority will replace current credit facilities set to expire in April 2021.

Avista indicates it will use the proceeds for one or more of these purposes: (1) to acquire property or construct, complete, extend, or improve its facilities; (2) to improve or maintain its service; (3) to discharge or refund its obligations; (4) to reimburse money actually expended for these purposes from income or other money in the treasury not secured or obtained from the issue, assumption or guarantee of securities; or (5) for such other purposes as permitted by law.

The estimated fees and borrowing spreads will be based on the Company’s current senior secured debt rating and current market information. Avista’s current senior secured debt ratings are A-/A3 based on industry metrics. This places Avista in Pricing Level III where the facility fee would be 0.125%. Avista will only enter transactions where the fees, interest rates, and

expenses charged or incurred by Avista in connection with the transactions, and any refunding, extensions, renewals, or replacements, are competitive with market prices for similar transactions. The Company's Application is consistent with the previously authorized notification and filing process if a rating falls below investment grade.

The Company also requests authority to issue, refund, extend, renew, or replace indebtedness under the Credit Facility without further Commission approval. The issuance would allow the Company greater flexibility to manage its daily cash funds and reduce borrowing costs, thereby permitting the Company to better manage its debt and capital in a more efficient and cost-effective manner.

Documents filed with the Application indicate that no person has received or will be entitled to receive from Avista any fee: (1) for services in connection with the consummation of the above-referenced transactions, other than underwriting/arranging fees, commitment fees, agency fees, and fees for legal, accounting, or similar professional or technical services; or (2) for services in securing lenders in the Credit Facility.

STAFF RECOMMENDATION

Staff recommended approval of the proposed Credit Facilities up to \$500,000,000. Staff also recommended the authority be for five years with extensions of up to two additional years allowed. If the extensions are exercised, Staff recommended the Company be required to file an informational letter notifying the Commission of any extensions under this authority. In addition, Staff recommended that the authority under this initial approval be continuing (without further order required) for the five-year term plus any extensions, provided the Company maintains senior secured debt ratings that are investment grade, BB-/Ba1, or Pricing Level VI.

COMMISSION FINDINGS AND DISCUSSION

Avista is a Washington corporation qualified to do business in the State of Idaho. Avista 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. Avista is an electric corporation within the definition of *Idaho Code* § 61-119, a gas corporation within the definition of *Idaho Code* § 61-117, 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.*

The Company's Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure (IDAPA 31.01.01.141-150), and the Company has paid all fees

required by *Idaho Code* § 61-905.

The Company's proposed issuance is for a lawful purpose and is within Avista's corporate powers. The Commission further finds that the proposed transaction is in the public interest and a formal hearing on this matter is not required.

The Commission's approval of the Credit Facility is not a finding of fact or a conclusion of law that the particular use to which these funds are to be put is approved by this Order. The issuance of an Order authorizing the proposed issuance does not constitute agency 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 does not determine, the effect of issuance on rates to be charged by the Company for gas or electric services to customers in the State of Idaho.

ORDER

IT IS HEREBY ORDERED that Avista's Application for authority to enter one or more debt Credit Facilities of up to \$500,000,000 with a term of up to five years subject to extensions not to exceed two more years, is granted.

IT IS FURTHER ORDERED that Avista shall promptly notify the Commission in writing if it exercises any of the extensions referenced above.

IT IS FURTHER ORDERED that this authorization will remain in place for five years from the date of execution of the credit agreement, plus any extensions exercised up to two more years, provided that the Company maintains at least Pricing Level VI as indicated in the Application. If Avista's senior secured debt rating falls below either rating ("Downgrade"), the Company's authority to incur borrowings provided in this Order will not terminate, but instead will continue for a period of 364 days from the date of the Downgrade (the "Continued Authorization Period"), provided that Avista: (1) Promptly notifies the Commission in writing of the Downgrade; and (2) Files an application with the Commission within 14 days after the Downgrade requesting a supplemental Order (the "Supplemental Order") authorizing the Company to continue to make borrowings as provided in the Order, notwithstanding the Downgrade. Until the Company receives the Supplemental Order, any borrowings made by the Company during the Continued Authorization Period will become due or mature by the final date of the Continued Authorization Period. Subject to the foregoing provisions regarding a Downgrade, no additional authorization is required to carry out this transaction and no additional Order will be issued.

IT IS FURTHER ORDERED that Avista shall file the terms of the proposed issuance(s) of securities in connection with the Credit Facility, and any subsequent changes to the terms with Staff upon issuance. This informational filing should be made seven days, or as soon as possible, after the closing of the Credit Facility.

IT IS FURTHER ORDERED that Avista shall file the following as they come available: (1) The "Report of Securities Issued;" and (2) Verified copies of any credit agreement entered pursuant to this Order.

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

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 this Order.

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

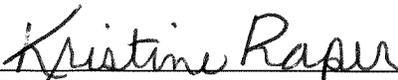
THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code*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

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 19th
day of March 2020.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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