

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF AVISTA CORPORATION FOR AN</b>	)	<b>CASE NO. AVU-U-21-01</b>
<b>ORDER AUTHORIZING A CREDIT</b>	)	
<b>FACILITY NOT TO EXCEED \$500,000,000</b>	)	<b>ORDER NO. 34995</b>
	)	

---

On March 10, 2021, Avista Corporation (“Avista”) applied for authority to amend, and restate, or replace its current credit facility (“Credit Facility”) up to \$500,000,000 in total. *Application* at 1.

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. It is a public utility that provides electric and natural gas service to customers in northern Idaho, eastern Washington, and central and southwest Oregon.

In the Application, Avista asks the Commission to authorize it to amend, amend and restate, or replace its current Credit Facility with the proposed Credit Facility that Avista may borrow an aggregated principal amount up to \$500,000,000 in total at any time. Avista represents the term of the Credit Facility will be for an initial term of 5 years with an option to extend the initial term for up to 2 years. *Id.* Avista represents the Credit Facility may be secured and will replace Avista’s current Credit Facility. *Id.*

The Company represents the Credit Facility may include issuance of secured or unsecured bonds, notes, or other indebtedness. The Company proposes that any guarantee of indebtedness may be refunded, renewed, or replaced within the authorized time frame. The Commission received the appropriate filing fee on March 15, 2021. The requested authority will replace the current facilities authorized in Order No. 34604 (Case No. AVU-U-20-01) set to expire in 2026.

Avista indicates the proceeds will be used for one or more of the following purposes:  
(a) the Company's acquisition, construction, completion, extension, or improvement of facilities;  
(b) the improvement or maintenance of service; (c) retirement or exchange of one or more

outstanding stock, bond, or note issuances; (d) reimbursement to treasury for funds previously expended; and (e) for such purposes as may be 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- by Standard & Poors and A3 by Moody's. This places Avista in Pricing Level III where the facility fee would be 0.125%. Avista will only enter transactions where 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.

#### **STAFF RECOMMENDATIONS**

Staff recommends approval of the proposed Credit Facility up to \$500,000,000 in total. Staff also recommends the authority be for 5 years with an option to extend the term for up to 2 years be allowed. If the extension is exercised, Staff recommends the Company be required to file an informational letter notifying the Commission of any extensions under this authority. In addition, Staff recommends that the authority under this initial approval be continuing (without further order required) for the 5-year term plus any extensions, provided Avista maintains senior secured debt ratings that are investment grade, BBB-/Baa3 or Pricing level V. The terms of this current authority are consistent with these recommendations and are acceptable to the Company.

#### **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The Commission finds that 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.*

Avista's Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure (IDAPA 31.01.01.141-150), and Avista has paid all fees required by *Idaho Code* § 61-905.

The proposed issuance is for a lawful purpose, is within Avista's corporate powers, and is compatible with the public interest.

The Commission's approval of the issuance 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 in this case and therefore does not determine the effect of issuance on rates to be charged by Avista for gas or electric service to consumers 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 5 years subject to extensions not to exceed 2 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 5 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 V 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.*


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7<sup>th</sup> day of April 2021.

  
PAUL KJELLANDER, PRESIDENT

  
KRISTINE RAPER, COMMISSIONER

  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
Jan Noriyuki  
Commission Secretary

I:\Legal\MULTI-UTILITY\AVUU2101\_final\_jh.docx