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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IDAHO PUBLIC  
UTILITIES COMMISSION

In the Matter of the Application of )  
AVISTA CORPORATION for an Order authorizing )  
the offering, issuance and sale of Debt Securities )  
not to exceed \$400,000,000. )

CASE NO. AVU-U-21-03

Application is hereby made to the Idaho Public Utilities Commission (Commission) under the provisions of Section 61-901 and 61-902, Idaho Code (Laws of 1951, Chapter 143) for an Order authorizing the proposed offering, issuance and sale by the Applicant of up to \$400,000,000 of Debt Securities. The requested authority is in addition to the previously granted by the Commission for the issuance of Debt Securities in Order No. 34386 in Case No. AVU-U-19-02 entered July 31, 2019, under which \$310,000,000 remains authorized but unissued.

The following information and specific exhibits are furnished in support thereof:

(a) Name and address of principal business office:

Avista Corporation  
1411 East Mission Avenue  
Spokane WA 99202-2600

Name of representative for service:

Jason E. Lang, Assistant Treasurer  
Avista Corporation  
1411 East Mission Avenue, MSC-7  
Spokane, Washington 99202-2600  
Phone: (509) 495-2930  
Email: Jason.lang@avistacorp.com  
Email: Dockets@avistacorp.com

(b) State and date of incorporation:

Incorporated Washington Territory (now the State of Washington) on March 15, 1889. The term of incorporation is perpetual.

As a public utility Applicant is qualified to do business in:

Washington, Idaho, Montana, and Oregon.

(c) General description of business, property, and territory served:

The Applicant is a public utility which owns and operates property in Northern Idaho, Eastern Washington, Central and Southwest Oregon and Western Montana.

The Applicant is engaged in the generation, transmission, distribution and sale of electric energy, which it sells at retail to approximately 402,000 residential, commercial, and industrial customers in Northern Idaho, Eastern Washington, and Western Montana, and at wholesale to public utilities, municipalities and others. Its electric properties are operated as a unified system and are interconnected with adjacent electric utilities. The electric energy sold by the Applicant is generated in power stations, which it owns in whole or in part, or obtained by purchase or exchange from other utilities, governmental agencies or third parties.

The Applicant is also engaged in the distribution and sale of natural gas to approximately 368,000 residential, commercial and industrial customers in Northern Idaho, Eastern Washington and Central and Southwest Oregon.

(d) Description of securities, indebtedness or liabilities:

Pursuant to Rule 142 of the Rules of Practice and Procedure, the Applicant hereby Files the application filed with the Washington Utilities and Transportation Commission as Exhibit "D-1" in lieu of the application required by Rule 141. Applicant further states that:

A circular notary seal for Debbie Deubel, Notary Public, State of Washington. The seal contains the text: DEBBIE DEUBEL, 166013, NOTARY, PUBLIC, COMMISSION EXPIRES 05-08-25, and STATE OF WASHINGTON.

**PROPOSED ORDER**  
**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION )</b> <b>OF AVISTA CORPORATION TO ISSUE UP )</b> <b>TO \$400,000,000 OF DEBT SECURITIES )</b> <hr style="width: 40%; margin-left: 0;"/>	<b>)</b>     <b>)</b>	<b>CASE NO.</b>     <b>ORDER NO.</b>
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On \_\_\_\_\_, 2021, Avista Corporation applied to the Idaho Public Utilities Commission for an Order allowing Avista to issue up to \$400,000,000 of Debt Securities. The requested authority is in addition to the authority previously granted by the Idaho Public Utilities Commission for the issuance of Debt Securities in Order No. 34386, in Case No. AVU-U-19-02 entered July 31, 2019, under which \$310,000,000 remains authorized but unissued. The Commission's Staff has reviewed the Application and recommends that the Commission approve the requested offering.

Based on our review of the record, we issue this Order approving the Application as noted below.

**BACKGROUND**

*Idaho Code* §§ 61-901 through 61-909 govern the issuance of securities by public utilities. In summary, "when authorized by order of the commission and not otherwise, [public utilities] may issue stocks and stock certificates and may issue, assume or guarantee bonds or other securities payable at periods of more than twelve (12) months after the date thereof.. .." *Idaho Code* § 61-901. The statutes permit utilities to issue securities for the following purposes: Acquiring property; building, completing, extending, or improving utility facilities; improving or maintaining utility service; discharging or lawfully refunding utility obligations; reimbursing money that the utility has expended to accomplish these purposes from income or other money in



the treasury that is not secured by or obtained from the issue, assumption or guarantee of securities; and accomplishing any other Commission-approved purpose. *Idaho Code* § 61-901.

To obtain the Commission's order, the utility must file an application and pay a statutory fee. *Idaho Code* §§ 61-902 and -905. The Commission then must dispose of the application within thirty days, absent an earlier finding of good cause to issue a later order. *Idaho Code* § 61-904. The Commission must grant the application unless it finds, for good cause shown, that the proposed issuance would be (1) inconsistent with the public interest and not necessary or appropriate for or consistent with the applicant's proper performance of its service as a public utility or (2) for an impermissible purpose. *Idaho Code* § 61-902.

If the utility obtains the Commission's authorization to issue securities, then the utility may issue the authorized securities for the limited purposes expressed in the statute or allowed by the Commission. *Idaho Code* § 61-901.

## **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.

With this Application, Avista requests the Commission issue an Order authorizing Avista Corporation (hereinafter called "Applicant") to issue and sell up to and including \$400,000,000 in Debt Securities (such being in addition to \$600,000,000 previously authorized by the Commission in Order No. 34386, in Case No. AVU-U-19-02 entered July 31, 2019, under which \$310,000,000 remains authorized but unissued, for a total of \$710,000,000). Avista explains it would use the net proceeds from the issuances for one or more of the following purposes: (1) investments in the Applicant's utility plant facilities to enhance service and system reliability, to replace aging infrastructure and, generally, for the acquisition of property or the construction, completion,

extension or improvement of its utility facilities, and improvement or maintenance of its utility service, all as contemplated in its then-current integrated resource plan as filed with the Commission, (2) the retirement of maturing long-term debt, the repayment of short-term debt and the discharge or refunding of other obligations, (3) the reimbursement of moneys actually expended from income or from other moneys in the treasury of the Applicant (to the extent not secured by or obtained from the issue, assumption or guarantee of securities) for any of the purposes described in (1) or (2) above and/or (4) such other purposes as may be permitted by law.

#### **STAFF REVIEW**

Commission Staff reviewed Avista's Application. Based on that review, Staff recommended the Commission allow Avista to issue \$400,000,000 of debt securities as requested. Staff observed the proposed issuance would not significantly affect Avista's capital structure and would not impair the Company's ability to maintain its debt- to-equity ratio. Staff thus recommended the Commission approve the Application.

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

The Commission finds that Avista Corporation 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 electrical 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 Corporation, as of \_\_\_\_\_, is hereby authorized to offer, issue and sell up to and including \$400,000,000 in Debt Securities (such amount being in addition to \$600,000,000 previously authorized by the Commission in Order No. 34386, in Case No. AVU-U-19-02 entered July 31, 2019, under which \$310,000,000 remains authorized but unissued, for a total of \$710,000,000).

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 pursuant to this Order.

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 this authorization is without prejudice to the Commission's regulatory authority regarding rates, service, accounts, evaluation estimates or determination of costs or any other matter which may come before the Commission pursuant to its jurisdiction and authority as provided by law.

THIS IS A FINAL ORDER. Any person interested in the Order (or in issues decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order and in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code §§ 61-626 and 62-619.*



DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Paul Kjellander, PRESIDENT

\_\_\_\_\_  
Kristine Raper, COMMISSIONER

\_\_\_\_\_  
Eric Anderson, COMMISSIONER

ATTEST:

\_\_\_\_\_  
Jan Noriyuki  
Commission Secretary



BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the matter of the request of	)	Application
AVISTA CORPORATION	)	
for an order establishing compliance	)	Docket No.
with RCW 80.08.040 with respect to Proposed	)	
Issuance of up to \$400,000,000 of additional	)	
<u>Debt Securities</u>	)	

Avista Corporation (hereinafter called "Applicant") hereby requests the Washington Utilities and Transportation Commission enter a written order authorizing the Applicant to issue up to \$400,000,000 of Debt Securities. The Debt Securities will be issued via public offerings or private placements, and are expected to have terms which will exceed 9 months, all depending on and subject to then-existing market prices for similar transactions.

The requested authority to issue Debt Securities is in addition to the authority previously granted by the Washington Utilities and Transportation Commission for the issuance of debt securities under Order No. 01, entered September 12, 2019, in Docket No. U-190554, of which \$310,000,000 remains available for issuance, for a total of \$710,000,000.

The terms of the financing are described in more detail in Section 2 of this application.

The following information is furnished in support of this application, in accordance with the requirements of RCW 80.08.040:

**(1) A Description of the Purposes for Which the Issuance is Made, Including a Certification By an Officer Authorized To Do So That the Proceeds From Any Such Securities Are For One Or More of the Purposes Allowed By Chapter 80.08 RCW.**

The Applicant will use the proceeds from the issuance of Debt Securities for one or more of the following purposes: (a) investments in the Applicant's utility plant facilities to enhance service and system reliability, to replace aging infrastructure, and, generally, for the acquisition of property or the construction, completion, extension or improvement of its utility facilities, and improvement or maintenance of its utility service, all as contemplated in its then-current integrated resource plan as filed with the Commission, (b) the retirement of maturing long-term debt, the repayment of short-term debt and the discharge or refunding of other obligations, (c) the reimbursement of moneys actually expended from income or from any other moneys in the treasury of the Applicant for any of the purposes described in (a) and/or (b) above (to the extent permitted by RCW 80.08.030), (d) and or such other purposes as may be permitted by law.

The purposes described in the preceding paragraph are allowed by RCW 80.08.030.

**(2) A Description of the Proposed Issuance Including the Terms of Financing.**

The Applicant proposes to offer, issue and sell the Debt Securities, in an aggregate principal amount not to exceed \$400,000,000 (addition to the authority previously granted by the Washington Utilities and Transportation Commission for the issuance of debt securities under Order No. 01, entered September 12, 2019, in Docket No. U-190554, of which \$310,000,000 remains available for issuance), maturing not less than nine (9) months nor more than fifty (50) years from the date of initial authorization and delivery.

The Debt Securities could (1) be secured or unsecured, (2) bear interest at a fixed or floating rate and (3) be sold in public offerings, in private offerings in accordance with Rule 144A under the Securities Act of 1933, as amended, or in direct private placements, or issued to secure a term loan arrangement with lenders, issued and delivered in exchange for outstanding debt securities of the Company and/or any combination of the foregoing.



If the Company issues secured debt it would do so by issuing First Mortgage Bonds (FMBs). FMBs have been the traditional debt financing vehicle utilized by most utilities in the U.S., and can be offered in both public offerings and private placement. FMBs are secured by the lien of the Mortgage and Deed of Trust, dated as of June 1, 1939, as amended and supplemented by various supplemental indentures and other instruments. This lien secures the FMBs, and the FMBs should have higher ratings by nationally recognized rating agencies than unsecured debt. This higher credit rating should lead to a lower interest rate at the time of issuance as compared to unsecured debt. See Exhibit B for most current indicative secured fixed interest rate spreads.

Unsecured debt would not be secured by any lien on assets of the Company and, accordingly, should have lower ratings by nationally recognized rating agencies than secured debt. Unsecured debt typically has a higher interest rate at the time of issuance than secured debt. See Exhibit C for current indicative unsecured fixed interest rate spreads.

If the Company issues Debt Securities with a fixed rate, the interest rate will not change through the life of the Debt Securities.

If the Company issues Debt Securities with a floating interest rate, the interest rate will reset periodically, such as daily, weekly, monthly, quarterly, semi-annually or annually. The most common indices used for pricing floating-rate Debt Securities are based upon the Secured Overnight Financing Rate (SOFR), commercial paper and/or U.S. Treasury rates.

Underwriters or placement agents for the sale of Debt Securities will be selected from a group of potential candidates. The firm or firms selected to be underwriters or placement agents in an offering under this authority will be determined by the Applicant's opinion of their ability to assist the Applicant in meeting its objectives for the Debt Securities to be issued. This opinion is based upon the level of underwriting or placement fees, their knowledge of the Applicant and its varied operations, and their ability to market the Debt Securities to achieve the Applicant's financing and capital structure objectives.

The Applicant also requests authority to issue Debt Securities, without further Commission approval, even if total spreads exceed those shown in Exhibit B and Exhibit C so long as the coupon rate does not exceed 8.0 percent per annum in order to provide additional flexibility in the event spreads widen when the Applicant decides to issue any Debt Securities.

**(3) Statement As To Why The Transaction Is In the Public Interest.**

The requested authority would provide part of the financing necessary to allow the Applicant to carry out the purposes described in paragraph 1 above and, thus, to continue to conduct its operations as an electric and gas utility company on a reliable basis for the benefit of its customers. Without such financing, the Applicant could not continue to conduct its operations as such. Accordingly, the Applicant believes that the requested authority is in the public interest.

**(4) Text of a Draft Order Granting Applicant's Request for an Order.**

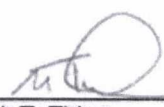
A copy of a draft order granting the Applicant's request for an order is attached hereto as "Exhibit D".

The undersigned, an authorized agent of the Applicant, certifies under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct to the best of my knowledge and belief, and that the proposed issuance of securities will be used for the purposes allowed by Chapter 80.08 RCW and requests that the Washington Utilities and Transportation Commission issue its order affirming that the applicant has complied with the requirements of RCW 80.08.040.

Dated 9<sup>th</sup> Day of December 2021.

AVISTA CORPORATION

By:

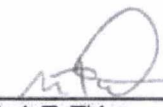
  
Mark T. Thies  
Executive Vice President, CFO, and  
Treasurer

STATE OF WASHINGTON

COUNTY OF SPOKANE

)  
)  
)

I, Mark T. Thies, being duly sworn, under penalty of perjury deposes and says: That he is Executive Vice President, CFO, and Treasurer of AVISTA CORPORATION; that he has read the foregoing application and knows the contents thereof; and that the same is true of his own knowledge and belief, and as to those matters he believes them to be true.

  
Mark T. Thies  
Executive Vice President, CFO, and Treasurer

SUBSCRIBED AND SWORN to before me this  
9th day December, 2021.


  
Notary Public for Washington



Exhibit A

**Estimated Net Proceeds<sup>(1)</sup>**

	<u>Total</u>	<u>Percent of Total</u>
Gross Proceeds	\$400,000,000	100.00%
Less: Agents/Underwriters Compensation	3,500,000	0.875%
Proceeds Payable to Applicant	396,500,000	99.125%
Less: Other Issuance/Technical Services Expenses <sup>(2)(3)(4)</sup>	3,720,000	0.93%
Net Proceeds	<u>\$392,780,000</u>	<u>98.20%</u>

(1) Assumes the issuance of First Mortgage Bonds.

(2) **Other Issuance/Technical Services Expenses for Each Issuance**

Rating agency fees	\$300,000	to	\$500,000
Legal fees	300,000	to	500,000
Regulatory fees	50,000	to	75,000
Accounting fees	50,000	to	100,000
Printing	50,000	to	75,000
Miscellaneous expenses	<u>80,000</u>	to	<u>120,000</u>
TOTAL	\$830,000		\$1,370,000

(3) **First Mortgage Bonds Estimated Issuance Fees and Expenses**

Legal	\$75,000	To	\$150,000
Title Insurance	80,000	To	240,000
County Filing Fees and Other	<u>30,000</u>	To	<u>100,000</u>
Total	\$185,000		\$490,000

(4) This will likely be done in multiple issuances. As such, we are estimating issuance/technical service expenses for each issuance.



## Exhibit B

### **Secured-Rate Spreads**

The following are maximum indicative spreads for various maturities over the applicable benchmark treasury yield. As stated in Section 2 the Applicant requests authority to issue Debt Securities without further Commission approval if spreads exceed what is provided in this Exhibit, as long as the coupon rate does not exceed 8.0 percent per annum. This is meant to provide additional flexibility in the event spreads widen when the Applicant decides to issue any debt.

Debt Securities Maturity Period		Maximum Spread Over Benchmark Treasury Yield
Greater than	Less than or equal to	
(>)	(≤)	(bps)
9M	1Y	185
1Y	2Y	190
2Y	3Y	195
3Y	4Y	200
4Y	5Y	205
5Y	7Y	210
7Y	8Y	215
8Y	9Y	220
9Y	10Y	230
10Y	15Y	265
15Y	20Y	240
20Y	25Y	245
25Y	30Y	245
30Y	Or more	255

Exhibit C

**Unsecured Interest Rate Spreads**

The following are maximum indicative spreads for various maturities over the applicable benchmark treasury yield. As stated in Section 2 the Applicant requests authority to issue Debt Securities without further Commission approval if spreads exceed what is provided in this Exhibit, as long as the coupon rate does not exceed 8.0 percent per annum. This is meant to provide additional flexibility in the event spreads widen when the Applicant decides to issue any debt.

Debt Securities Maturity Period		Maximum Spread Over Benchmark Treasury Yield
Greater than	Less than or equal to	
(>)	(≤)	(bps)
0Y	1Y	215
1Y	2Y	220
2Y	3Y	225
3Y	4Y	230
4Y	5Y	235
5Y	7Y	240
7Y	8Y	245
8Y	9Y	250
9Y	10Y	260
10Y	15Y	295
15Y	20Y	270
20Y	25Y	275
25Y	30Y	275
30Y	Or more	285