

DECISION MEMORANDUM

TO: COMMISSIONER ANDERSON
COMMISSIONER CHATBURN
COMMISSIONER HAMMOND
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: JOSEPH TERRY

DATE: APRIL 7, 2022

RE: AVISTA'S REQUEST FOR AUTHORIZATION TO ISSUE COMMON STOCK; CASE NO. AVU-U-22-01

On March 21, 2022, Avista filed an Application requesting authority to offer, issue, and sell up to 3,500,000 shares of authorized but unissued common stock. The Commission received the fee as required by *Idaho Code* § 61-905 on March 28, 2022. The requested authority is in addition to the authority granted in Order No. 35036 issued on May 6, 2021 under which 1,272,375 shares remain authorized and unissued. Staff confirmed that the Company has at least 4,772,375 (3,500,000 requested plus the 1,262,375 remaining from the previous order) authorized but unissued shares of common stock.

The Company will continue to provide the "Report of Securities Transaction" whenever the Company issues any securities that will show the proceeds and expenses of each issuance. The Company states that the only fees will be for underwriting, private placement, legal, accounting, or similar professional or technical services.

The Company voiced concerns about the requirement in Order No. 35036 that stated "...Avista shall file the terms of proposed securities, and any subsequent changes in terms, with the Commission within seven days, or as soon as possible, before the issuance occurs." The Company stated that due to volatility in stock prices, it was nearly impossible to state what the stock issuance price would be 7 days in advance. The Commission has in the past had a different requirement for security issuances that may have variable rates. In Order No. 34302 (Case No. IPC-E-19-09) the Commission ordered the Company to notify the Commission "...within seven (7) days (*or as soon as possible, if the required information is not available within seven (7) days*)..." (emphasis added) Staff recommends that the Commission modify the reporting

requirements so that the Company may notify the Commission later than seven days before the issuance if the required information is not available at that time.

The Company proposes selling the stock through the Periodic Offering Program, direct sales, or underwritten transactions. The net proceeds of these issuances will be used for the improvement or maintenance of its service; the discharge or lawful refunding of its obligations; 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 any other purposes approved by the Commission or authorized by law.

Staff analyzed the effects on the Company's capital structure by the sale of the requested stock and found that it does not have a major impact on the Company's capital structure and would only affect the equity percentage by a maximum of about 2.5%. This will allow the Company to maintain its debt-to-equity ratio.

STAFF RECOMMENDATION

Staff recommends approval of the request for authorization to issue 3,500,000 shares of common stock.

COMMISSION DECISION

Should the Commission approve the Company's request for authorization to issue 3,500,000 shares of common stock?

Does the Commission wish to modify the reporting requirement to eliminate the seven-day advanced notice and allow the Company to file the terms of the issuances of securities as soon as possible after all information is known?



Joseph Terry

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