

DECISION MEMORANDUM

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

**FROM: JOSEPH TERRY
CLAIR SHARP**

DATE: DECEMBER 13, 2022

**RE: IN THE MATTER OF AVISTA CORPORATION’S APPLICATION FOR
AN ORDER AUTHORIZING THE ISSUANCE OF AN ADDITIONAL
\$250,000,000 IN SHORT-TERM SECURITIES; CASE NO. AVU-U-22-02**

On December 13, 2022, Avista Corporation (“Avista” or “Company”) applied for immediate authority to enter into additional debt facilities up to \$250,000,000 in total. These facilities will consist of: (1) a term loan facility in the initial amount of \$100,000,000 with an option to request an additional \$50,000,000 (“Bridge Loan”); (2) a \$50,000,000 increase to its existing unsecured revolving credit facility (“Accordion Loan”); and (3) a \$50,000,000 bilateral uncommitted letter of credit facility (“LC Facility”). The term of the facilities is expected to expire in less than 12 months from the date of issuance. Staff calculated the filing fee to be \$1,000. The Commission has not received the appropriate filing fee as of December 13, 2022.

The requested authority will be in addition to the current facilities authorized in Order No. 34995 (Case No. AVU-U-21-01) set to expire in 2026. Due to the cold weather, several days prior to the application gas and power prices have been 5 to 8 times higher than normal. The EIA daily spot prices for December 13, 2022 are \$39.03 per MMBtu for natural gas and \$347.50 per MWh for electricity. For reference natural gas was \$4.05 per MMBtu and \$65 per MWh for electricity in the same time frame for 2021. The increased prices have led to significant margin calls that have placed significant pressures on the Company’s liquidity.

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 are not expected to be materially different from the existing rates. These are based off 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. Avista will only enter into 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.

Idaho Code §61-903 states that the Company may issue securities payable at periods of not more than 12 months after the date of issuance without an order from the Commission, if the total short-term securities do not exceed 5% of the total authorized securities the Company has outstanding, and those securities are not converted to securities with a payable period exceeding 12 months. The Bridge Loan is expected to mature in less than 4 months following the date of issuance. The Accordion Loan is a revolving credit facility and expected to be similar to the current facility. The LC Facility is expected to have a term of less than one year. The entire request is for short term debt. The Company had \$1,898,370,000 in long term debt and \$1,380,152,000 in stock for the year ending 2021. This request exceeds 5% of the Company's total authorized securities. The Application complies with the majority of IDAPA 31.01.01.141. However, due the urgency of this situation, the Company has not filed a statement of public notice as required under IDAPA 31.01.01.141.08.

STAFF RECOMMENDATION

The urgency of this situation makes it in the public interest that this Application is approved quickly. Therefore, Staff recommends that the Commission waive both the public notice requirement in IDAPA 31.01.01.141.08 and the requirement that payment of the fee is prior to the Order being issued per Idaho Code §61-905. The Commission has authority to waive parts of Chapter 9 per Idaho Code §61-909 if the Commission finds that it is in the public interest to do so. Delaying approval of this authority could have more negative effects on ratepayers

than the risks of non-compliance. In addition, the Application does comply with most of the requirements in Idaho Code Chapter 9 and IDAPA 31.01.01.141.

Staff recommends approval of the proposed increase to short term credit facilities of up to \$250,000,000 in total.


In addition, it is recommended that the Company file with the Commission any ratings changes that occur over the next year.

COMMISSION DECISION

Does the Commission wish to waive the public notice requirement in Rule 141 as well as the requirement that payment be made before the order is issued as required in Idaho Code §61-905?

Does the commission wish to approve Avista's request for authority to issue an additional \$250,000,000 in short term debt?

Does the Commission wish to order the Company to file with the Commission any credit rating changes that occur over the next year?



Joseph Terry

Udmemos/AVU-U-22-02 Decision Memo