

BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of AVISTA CORPORATION for an Order Establishing Compliance with RCW 80.08.040 with Respect to Proposed Issuance of Up to \$600,000,000 of Debt <u>Securities under a New Credit Facility</u>	) ) ) ) ) ) )	Application  Docket No.
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Avista Corporation (hereinafter called "Applicant") hereby requests the Washington Utilities and Transportation Commission enter a written order authorizing the Applicant to amend, amend and restate, or replace its current credit facility with a credit facility under which Applicant may borrow an aggregate principal amount of up to \$500,000,000 at any time outstanding, with an option to increase such amount to \$600,000,000, with an initial term of up to five (5) years, and also potentially including an option to extend the initial term prior to its expiration for up to five (5) additional years, and in connection therewith to issue certain secured or unsecured bonds (including First Mortgage Bonds issued under Applicant's Mortgage and Deed of Trust, dated June 1, 1939, as amended and supplemented), notes and other evidences of indebtedness under the credit facility, all for the purposes permitted by and under the authority of RCW 80.08, including any refunding, extension, renewal or replacement of such credit facility or any of the foregoing (collectively, the "Credit Facility"), and confirming compliance with the requirements of RCW 80.08.040. The Credit Facility may be secured and will replace the Applicant's current credit facility that expires in June 2026, and will provide for a benchmark interest rate based on the Secured Overnight Financing Rate ("SOFR") to replace the existing benchmark interest rate based on the London Interbank Offered Rate ("LIBOR").

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 funds borrowed under the new Credit Facility 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) for any other proper purposes not in violation of any provision of RCW 80.08 or any other law and/or (e) to provide liquidity for its daily operational cash requirements in respect of or resulting from payments or reimbursements related to the purposes described in (a), (b), (c) and/or (d) above and for such other purposes, as may be permitted by law.

The purposes described in the preceding paragraph are allowed by RCW 80.08.

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

Overview:

The Applicant has an existing credit facility that will expire in June 2026. This existing credit facility provides the Applicant with \$400,000,000 of liquidity and is its primary liquidity source for purposes allowed by Chapter 80.08 RCW. The requested authority will allow the Applicant to amend, or amend and restate, or replace the existing credit facility with an amended, or amended and restated, or replacement credit facility.

The Credit Facility will amend, amend and restate, or replace the existing credit facility and provide the Applicant with the continued ability to borrow and repay these amounts as needed for operational requirements. While the principal amount of each borrowing will be payable at the end of the interest period for such borrowing, the Applicant, at its option, will be able, subject to the terms of the Credit Facility, to rollover borrowings at revised interest rates during the term of the Credit Facility without the initial borrowings being repaid in cash until the expiration of the term of the Credit Facility. Borrowings under the Credit Facility will have maturities of less than one year. The aggregate principal amount of borrowings outstanding under the Credit Facility will be limited to not more than \$500,000,000 at any time outstanding (subject to increase at the election of the Applicant by an aggregate amount not to exceed \$100,000,000).

The Credit Facility will provide for a benchmark interest rate based on SOFR to replace the existing benchmark interest rate based on LIBOR. Similar to the existing credit facility, interest will be charged under the Credit Facility at rates set by the term of the requested borrowings and the applicable interest rate spread. The Credit Facility will also include the ability to issue letters of credit, similar to the provisions of the existing credit facility. The Applicant anticipates that the Credit Facility will be secured by non-transferable First Mortgage Bonds issued under the Applicant's Mortgage and Deed of Trust, dated as of June 1, 1939, as amended and supplemented. The Applicant's obligations on these First Mortgage Bonds would be deemed to be satisfied to the extent the obligations under the Credit Facility are satisfied. The First Mortgage Bonds would have an initial maturity date equal to the initial term of the Credit Facility, and would be subject to potential extension if the maturity date of the Credit Facility is extended. Substantially all of the Applicant's utility properties are subject to the lien of the Mortgage and Deed of Trust. The existing credit facility is similarly secured with First Mortgage Bonds.

Amount: an aggregate principal amount of up to \$500,000,000 at any time outstanding with an option to increase such amount to \$600,000,000.

Date of Issue and Maturity: The Credit Facility is expected to have an initial term of up to five (5) years and also potentially including an option to extend the initial term prior to its expiration for up to five (5) additional years.

Compensation to any bank or agent for their services in connection with the handling of the Credit Facility is not expected to exceed 1.000%, including fees for lead arrangers (fee paid for organizing the syndication of the Credit Facility, expected to range from 0.13% to 0.15%) and upfront fees (fee paid for the banks' initial commitment of capital upon closing the Credit Facility, expected to range from 0.13% to 0.15%), and agency fees (annual fee paid to the lead bank for administering the Credit Facility, expected to range from \$35,000 to \$50,000 annually).

Estimated fees and borrowing spreads, based on the Applicant's current senior secured debt rating and current market information, are as follows:

Pricing Level	Facility Fee	SOFR Margin <sup>(1)</sup>	ABR Margin <sup>(2)</sup>	LC Participation Fee	LC Fronting Fee
I	0.075%	0.800%	0.000%	0.800%	0.200%
II	0.100%	0.900%	0.000%	0.900%	0.200%
III	0.125%	1.000%	0.000%	1.000%	0.200%
IV	0.175%	1.075%	0.075%	1.075%	0.200%
V	0.225%	1.275%	0.275%	1.275%	0.200%
VI	0.275%	1.475%	0.475%	1.475%	0.200%

<sup>1</sup> SOFR Margin applies for borrowings with a term of at least one month. The rate will be the applicable Term SOFR plus (i) the SOFR Margin, and (ii) an additional 0.100% credit spread adjustment applied to borrowings with 1-month, 3-month and 6-month interest periods.

<sup>2</sup> ABR Margin applies for borrowings of less than one month. The rate is reset daily and will be the applicable ABR Margin plus whichever is the greatest of (a) the reference rate for "prime" commercial lending transactions, (b) the Federal Funds Rate plus ½ of 1%, and (c) one-month Term SOFR plus 1.00%.

As noted above the fees are based upon the Applicant's current senior secured debt rating. The Applicant's senior secured debt ratings are currently A-/A3 (i.e. Pricing Level III). In the event that

Applicant's senior secured debt ratings are split by one level, the higher rating will apply. In the event the ratings are split by more than one level, the level that is one level below the highest rating will apply.

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

The requested authority will provide the Applicant the liquidity necessary for it 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 liquidity, 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 A".

Wherefore, the undersigned, an authorized agent of the Applicant, requests that the Washington Utilities and Transportation Commission issue an order as requested herein.

Done at Spokane, Washington this 3rd day of May 2023.

AVISTA CORPORATION

By: 


Jason E. Lang

Assistant Treasurer and Director of Finance and Risk

STATE OF WASHINGTON )  
County of Spokane )

The undersigned 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.

Done at Spokane, Washington this 3rd day of May 2023.

By:   
Jason E. Lang  
Assistant Treasurer and Director of Finance and Risk

SUBSCRIBED AND SWORN to before me this  
3rd day of May 2023

  
Notary Public for Washington

My Commission Expires: 05-09-2025

