

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 \$300,000,000 of additional)
Debt Securities)

Avista Corporation (hereinafter called "Applicant") hereby requests the Washington Utilities and Transportation Commission enter a written order authorizing the Applicant to issue up to \$300,000,000 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 February 10, 2022, in Docket No. U-210944, of which \$60,000,000 remains available for issuance, for a total of \$360,000,000.

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 \$300,000,000 (addition to the authority previously granted by the Washington Utilities and Transportation Commission for the issuance of debt securities under Order No. 01, entered February 10, 2022, in Docket No. U-210944, of which \$60,000,000 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 4th Day of January 2024.

AVISTA CORPORATION

By: /s/ *Jason Lang*

Jason Lang
Assistant Treasurer and Director of
Finance and Risk

Exhibit A

Estimated Net Proceeds⁽¹⁾

	<u>Total</u>	<u>Percent of Total</u>
Gross Proceeds	\$300,000,000	100.00%
Less: Agents/Underwriters Compensation	<u>2,625,000</u>	<u>0.875%</u>
Proceeds Payable to Applicant	297,375,000	99.13%
Less: Other Issuance/Technical Services Expenses ⁽²⁾⁽³⁾⁽⁴⁾	<u>4,060,000</u>	<u>1.35%</u>
Net Proceeds	<u><u>\$293,315,000</u></u>	<u><u>97.78%</u></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