

## DECISION MEMORANDUM

**TO:** COMMISSIONER ANDERSON  
COMMISSIONER HAMMOND  
COMMISSIONER LODGE  
COMMISSION SECRETARY  
LEGAL

**FROM:** JOSEPH TERRY  
ADAM TRIPLETT, DEPUTY ATTORNEY GENERAL

**DATE:** JANUARY 30, 2024

**RE:** IN THE MATTER OF THE APPLICATION OF AVISTA  
CORPORATION FOR AN ORDER AUTHORIZING THE OFFERING,  
ISSUANCE AND SALE OF DEBT SECURITIES NOT TO EXCEED  
\$300,000,000; CASE NO. AVU-U-24-01

On January 4, 2024, Avista Corporation (“Avista” or “Company”) filed an Application requesting authority to offer, issue, and sell up to \$300,000,000 secured or unsecured Debt Securities (“Debt”). The requested authority is in addition to previous authorizations given by the Commission, of which \$60,000,000 remains. The filing fees have not been received as of January 25, 2024. Staff followed up with the Company and they assured Staff that the payment will arrive by the due date of the order.

The Debt maturity will be established with each issuance and will not be less than one year nor more than fifty years. The interest rate could be either fixed or floating and will be decided at the time of issuance. If the Company issues Debt with a floating rate, the interest rate will be reset periodically based on an index, generally LIBOR, commercial paper, or Treasury Bills. If the Company issues Debt with a fixed rate it will be at a rate based upon the maturity period of that Debt as shown on the table below:

Debt Maturity Period		Maximum Spread Over Benchmark Treasury Yield	
Greater Than	Less and or Equal to	Secured (bps)	Unsecured (bps)
1 Year	2 Year	190	220
2 Year	3 Year	195	225
3 Year	4 Year	200	230
4 Year	5 Year	205	235
5 Year	7 Year	210	240
7 Year	8 Year	215	245
8 Year	9 Year	220	250
9 Year	10 Year	230	260
10 Year	15 Year	265	295
15 Year	20 Year	240	270
20 Year	25 Year	245	275
25 Year	30 Year	245	275
30 Year	Or More	255	285

The proposed debt meets the requirement under *Idaho Code* §61-901. It is for more than one year and net proceeds from the sale of Debt will be used for (a) the improvement and maintenance of its service; (b) the discharge or lawful refunding of its obligations; (c) the reimbursement of moneys 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 (d) any other purpose approved by the Commission or authorized by law. The filing complies with the IDAPA 31.01.01.141.

Consistent with standard reporting requirements established by prior orders, Avista will file the terms of the proposed debt issuance(s) and subsequent changes to the terms with the Commission Staff. This informational filing should be made seven days, or as soon as possible, prior to the issuance. Avista will file with the Commission the “Report or Securities Issued” and verified copies of any agreement entered into pursuant to this order for these issuances as soon as they become available and update if any changes occur.

Using the January 12, 2024 treasury rates, the interest rates for Avista’s debt would range from 6.05% to 7.15%, which is higher than the debt rate approved in the Company’s most recent

rate case (4.92%). This is due to the recent increases in the treasury rates. In January of 2022, the 30-year treasury rate was 2.01% while in January 12, 2024 the 30 year treasury rate was 4.2%. Access to the debt markets is vital to capital intensive industries like Avista. Avista is rated Baa2 by Moody's and BBB by S&P Global ratings. Staff has verified that prudent use of these proposed issuances will have minimal risk to changing the capital ratios significantly.

**STAFF RECOMMENDATIONS**

Staff recommends once the correct filing fees have been received, that the Commission approve the authority to issue an additional \$300,000,000 of Debt Securities. In addition, Staff recommends that the authority under this initial approval be continuing (without further order required) provided Avista maintains senior secured debt ratings that are investment grade (Baa3 for Moody's or BBB- for S&P) and that the all-in coupon rate does not exceed 8.0%

Staff recommends the Commission order Avista to adhere to the standard reporting requirements mentioned above.

**COMMISSION DECISION**

Once the correct filing fees are received, does the Commission wish to approve Avista Corporation's request for authority to issue an additional \$300,000,000 of debt securities?

Does the Commission wish to allow the debt authority under this Order to be continuing during the authorized term provided the senior secured debt rating levels remain investment grade and the all-in coupon rate remains below 8.0%?

Does the Commission wish to require Avista to make the identified reporting filing requirements?



Joseph Terry

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