



## DISCUSSION

- 3     The Company on November 4, 2004, filed an application for authority to remove negative covenants from previously-authorized notes and debt instruments authorized in the dockets identified in the caption of this order, above.<sup>1</sup>
- 4     In the application, the Company states that certain provisions of the Series C Notes limit the amount of secured debt the Applicant can issue, unless the Applicant secures the Series C Notes and that conditions in the bond insurance agreement for the Colstrip Pollution Control Bonds similarly limit the amount of secured debt the Applicant can issue, unless the Applicant secures its obligations related to the Colstrip Pollution Control Bonds.
- 5     In its application, the Company states that recent developments in the financial markets have offered the Applicant several favorable opportunities, which involve the issuance of additional secured debt that would otherwise violate the restrictions contained in the Series C Notes and in the bond insurance agreement for the Colstrip Pollution Control Bonds. In light of these opportunities, the Applicant believes that it is necessary to secure both the Series C Notes and its obligations related to the Colstrip Pollution Control Bonds in order to remove the restrictions on the Applicant's issuance of additional secured debt.
- 6     In its application, the Company states that the removal of these negative covenants will provide the Applicant more flexibility on issuing debt, will enable the Applicant to restructure its credit facility on more favorable terms and at competitive rates, and will allow the Applicant to better manage its debt. The

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<sup>1</sup> The governing rules, the principles, the facts, and the party in the two dockets are related. The Commission consolidates these matters solely for entry of an order pursuant to WAC 480-07-320. The Commission may sever the dockets as necessary to address individually in either docket any matter that is the subject of this order.

Applicant expects that these opportunities will allow the Applicant to reduce its overall costs and expenses related to its credit facilities and borrowings.

### **FINDINGS**

- 7 (1) Avista is engaged in the business of electric service within the state of Washington. As a public service company, it is subject to the jurisdiction of the Commission under the provisions of Chapter 80.08 RCW.
- 8 (2) As to form, the application herein meets the requirements of Chapter 80.08 RCW and the rules and regulations of the Commission adopted pursuant thereto. *Chapter 480-146 WAC.*
- 9 (3) This matter was brought before the Commission at its regularly scheduled meeting on November 24, 2004.
- 10 (4) The Company's applications in the respective Dockets contain: (a) certifications by an authorized officer that the proceeds will be used for one or more purposes allowed by RCW 80.08.030; (b) descriptions of the proposed issuances, including the terms of financing, and (c) statements as to why the proposed transactions are in the public interest.

### **ORDER**

#### THE COMMISSION ORDERS:

- 11 (1) The proposed modifications to the securities issued under the Orders in Docket No. UE-971300 and Docket No. UE-011475 comply with the requirements of RCW 80.08.040; and,
- 12 (2) This Order shall in no way affect the authority of this Commission over rates, services, accounts, valuations, estimates, or determination of costs,

or any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.

The Commissioners, having determined this filing complies with the requirements of Chapter 80.08 RCW, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective this 24<sup>th</sup> day of November, 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary