

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-22 \_\_\_\_\_

DOCKET NO. UG-22 \_\_\_\_\_

EXH. MTT-2

MARK T. THIES

REPRESENTING AVISTA CORPORATION

**AVISTA CORPORATION**  
Long-term Securities Credit Ratings

Exh. MTT-2

	<b>Standard &amp; Poor's</b>		<b>Moody's</b>
<b>Credit Outlook</b>	Stable		Stable
	<b>A+</b>		<b>A1</b>
	<b>A</b>		<b>A2</b>
	<b>A-</b> First Mortgage Bonds Secured Medium-Term Notes		<b>A3</b> First Mortgage Bonds Secured Medium-Term Notes
	<b>BBB+</b>		<b>Baa1</b>
	<b>BBB</b> Avista Corp./Corporate credit rating		<b>Baa2</b> Avista Corp./Issuer rating
	<b>BBB-</b>		<b>Baa3</b> Trust-Originated Preferred Securities
<b>INVESTMENT GRADE</b>			
	<b>BB+</b> Trust-Originated Preferred Securities		<b>Ba1</b>
	<b>BB</b>		<b>Ba2</b>
	<b>BB-</b>		<b>Ba3</b>

<b>AVISTA CORPORATION</b>				
<b>Proposed Cost of Capital</b>				
<b>December 31, 2023</b>				
	<u>Amount</u>	<u>Percent of Total Capital</u>	<u>Cost</u>	<u>Component Cost</u>
Total Debt	\$ 2,383,500,000	51.5%	4.54%	2.34%
Common Equity	\$ 2,244,655,340	48.50%	10.25% <sup>(1)</sup>	4.97%
Total	<u>\$ 4,628,155,340</u>	<u>100%</u>		<u><b>7.31%</b></u>

<b>AVISTA CORPORATION</b>				
<b>Actual Cost of Capital</b>				
<b>September 30, 2021</b>				
	<u>Amount</u>	<u>Percent of Total Capital</u>	<u>Cost</u>	<u>Component Cost</u>
Total Debt	\$2,239,606,000	52.5%	4.79%	2.52%
Common Equity	2,023,379,000	47.5%	9.40% <sup>(2)</sup>	4.46%
TOTAL	<u>\$ 4,262,985,000</u>	<u>100%</u>		<u><b>6.98%</b></u>

<sup>(1)</sup> Proposed return on common equity

<sup>(2)</sup> Based on last known allowed return on common equity

**AVISTA CORPORATION**  
 Cost of Long-Term Debt Detail - Washington  
 December 31, 2022

Line No.	Description	Coupon Rate	Maturity Date	Settlement Date	Principal Amount	Issuance Costs	SWAP Loss/(Gain)	Discount (Premium)	Loss/Reacq Expenses	Net Proceeds	Yield to Maturity	Principal Outstanding 12/31/22	Effective Cost	Line No.
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(g)	(g)	(h)	(i)	(j)	(k)	(l)	
1	FMBS - SERIES A	7.530%	5/5/23	5/6/93	5,500,000	42,712	-	-	963,011	4,494,277	9.359%	5,500,000	514,744	1
2	FMBS - SERIES A	7.540%	5/5/23	5/7/93	1,000,000	7,766	-	-	175,412	816,822	9.375%	1,000,000	93,747	2
3	FMBS - SERIES A	7.180%	8/11/23	8/12/93	7,000,000	54,364	-	-	-	6,945,636	7.244%	7,000,000	507,064	3
4	ADVANCE ASSOCIAT	1.240%	6/1/37	6/3/97	40,000,000	1,296,086	-	-	(1,769,125)	40,473,039	1.203%	40,000,000	481,066	4
5	FMBS - SERIES C	6.370%	6/19/28	6/19/98	25,000,000	158,304	-	-	188,649	24,653,047	6.475%	25,000,000	1,618,863	5
6	FMBS - 6.25%	6.250%	12/1/35	11/17/05	150,000,000	1,812,935	(4,445,000)	367,500	1,700,376	150,564,188	6.222%	150,000,000	9,332,891	6
7	FMBS - 5.70%	5.700%	7/1/37	12/15/06	150,000,000	4,702,304	3,738,000	222,000	-	141,337,696	6.120%	150,000,000	9,179,674	7
8	5.55% SERIES	5.550%	12/20/40	12/20/10	35,000,000	258,834	-	-	5,263,822	29,477,345	6.788%	35,000,000	2,375,887	8
9	4.45% SERIES	4.450%	12/14/41	12/14/11	85,000,000	692,833	10,557,000	-	-	73,750,167	5.340%	85,000,000	4,538,871	9
10	4.23% SERIES	4.230%	11/29/47	11/30/12	80,000,000	730,833	18,546,870	-	105,020	60,617,277	5.868%	80,000,000	4,694,533	10
11	4.11% SERIES	4.110%	12/1/44	12/18/14	60,000,000	428,205	(5,429,000)	-	-	65,000,795	3.650%	60,000,000	2,190,040	11
12	4.37% SERIES	4.370%	12/1/45	12/16/15	100,000,000	590,761	9,383,299	-	-	90,025,940	5.017%	100,000,000	5,016,889	12
13	3.54% SERIES	3.540%	12/1/51	12/15/16	175,000,000	1,042,569	53,966,197	-	-	119,991,233	5.598%	175,000,000	9,797,043	13
14	3.91% SERIES	3.910%	12/1/47	12/14/17	90,000,000	552,539	8,823,322	-	-	80,624,139	4.550%	90,000,000	4,095,220	14
15	4.35% SERIES	4.350%	6/1/48	5/22/18	375,000,000	4,246,448	26,580,102	378,750	-	343,794,700	4.881%	375,000,000	18,303,348	15
16	3.43% SERIES	3.430%	12/1/49	11/26/19	180,000,000	1,108,340	13,330,106	-	-	165,561,554	3.885%	180,000,000	6,992,955	16
17	3.07% SERIES	3.070%	9/30/50	9/30/20	165,000,000	1,074,990	33,503,119	-	-	130,421,891	4.323%	165,000,000	7,133,634	17
18	2.90% SERIES	2.900%	10/1/51	9/28/21	140,000,000	1,100,000	17,244,100	-	-	121,655,900	3.619%	140,000,000	5,067,214	18
19	Forecasted Issuance	3.277%	4/1/52	4/1/22	370,000,000	3,700,000	18,660,695	-	-	347,639,305	3.608%	370,000,000	13,351,188	19
20												2,233,500,000	105,284,871	20
21														21
22	Repurchase	2	8.85%	6/5/28	5/24/02	10,000,000			(2,228,153)	12,228,153	6.981%		-188,084	22
23	Repurchase	2	8.83%	6/5/28	4/3/03	10,000,000			(450,769)	10,450,769	8.395%		-43,661	23
24	Repurchase	2	8.83%	12/29/22	3/11/03	5,000,000			92,363	4,907,637	9.029%		10,341	24
25	Repurchase	2	5.72%	3/1/34	12/30/09	17,000,000			1,916,297	15,083,703	6.661%		159,446	25
26	Repurchase	2	6.55%	10/1/32	12/31/08	66,700,000			3,709,174	62,990,826	7.034%		324,360	26
27												2,233,500,000	105,547,273	27
28		3	Short Term-Debt		150,000,000						1.998%	150,000,000	2,997,698	28
29												2,383,500,000	108,544,971	29
30														30
31											<b>4.55%</b>			31
32														32
33														33
34														34
35														35
36														36
37														
38														

**WASHINGTON'S TOTAL DEBT OUTSTANDING AND COST OF DEBT AT December 31, 2022**

- <sup>1</sup> Average Monthly Average Rate over a twelve month period
- <sup>2</sup> Coupon Rate at the time of repurchase
- <sup>3</sup> Calculated using the Internal Rate of Return method

AMA of 2023	
January	4.55%
February	4.55%
March	4.55%
April	4.55%
May	4.55%
June	4.55%
July	4.55%
August	4.55%
September	4.55%
October	4.52%
November	4.52%
December	4.52%
<b>Average</b>	<b>4.54%</b>

\*Cost of debt at end of period provided for informational purposes only. See AMA for 2023

**AVISTA CORPORATION**  
 Cost of Long-Term Debt Detail - Washington  
 December 31, 2023

Line No.	Description	Coupon Rate	Maturity Date	Settlement Date	Principal Amount	Issuance Costs	SWAP Loss/(Gain)	Discount (Premium)	Loss/Reacq Expenses	Net Proceeds	Yield to Maturity	Principal Outstanding 12/31/23	Effective Cost	Line No.
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(g)	(g)	(h)	(i)	(j)	(k)	(l)	
1	ADVANCE ASSOCIAT	1.240%	6/1/37	6/3/97	40,000,000	1,296,086	-	-	(1,769,125)	40,473,039	1.203%	40,000,000	481,066	1
2	FMBS - SERIES C	6.370%	6/19/28	6/19/98	25,000,000	158,304	-	-	188,649	24,653,047	6.475%	25,000,000	1,618,863	2
3	FMBS - 6.25%	6.250%	12/1/35	11/17/05	150,000,000	1,812,935	(4,445,000)	367,500	1,700,376	150,564,188	6.222%	150,000,000	9,332,891	3
4	FMBS - 5.70%	5.700%	7/1/37	12/15/06	150,000,000	4,702,304	3,738,000	222,000	-	141,337,696	6.120%	150,000,000	9,179,674	4
5	5.55% SERIES	5.550%	12/20/40	12/20/10	35,000,000	258,834	-	-	5,263,822	29,477,345	6.788%	35,000,000	2,375,887	5
6	4.45% SERIES	4.450%	12/14/41	12/14/11	85,000,000	692,833	10,557,000	-	-	73,750,167	5.340%	85,000,000	4,538,871	6
7	4.23% SERIES	4.230%	11/29/47	11/30/12	80,000,000	730,833	18,546,870	-	105,020	60,617,277	5.868%	80,000,000	4,694,533	7
8	4.11% SERIES	4.110%	12/1/44	12/18/14	60,000,000	428,205	(5,429,000)	-	-	65,000,795	3.650%	60,000,000	2,190,040	8
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17	Forecasted Issuance	3.412%	10/1/53	10/1/23	100,000,000	1,000,000	(2,041,289)	-	-	101,041,289	3.357%	100,000,000	3,356,662	17
18												2,320,000,000	107,525,978	18
19														19
20	Repurchase	2	8.85%	6/5/28	5/24/02	10,000,000			(2,228,153)	12,228,153	6.981%		-188,084	20
21	Repurchase	2	8.83%	6/5/28	4/3/03	10,000,000			(450,769)	10,450,769	8.395%		-43,661	21
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24	Repurchase	2	6.55%	10/1/32	12/31/08	66,700,000			3,709,174	62,990,826	7.034%		324,360	24
25												2,320,000,000	107,788,379	25
26	3 Short Term-Debt				150,000,000						2.580%	150,000,000	3,869,532	26
27												2,470,000,000	111,657,911	27
28														28
29														29
30														30
31														31
32														32
33														33
34														34
35														35
36														36
37														37
38														38

**WASHINGTON'S TOTAL DEBT OUTSTANDING AND COST OF DEBT AT December 31, 2023**

**4.52% \***

<sup>1</sup> Average Monthly Average Rate over a twelve month period

<sup>2</sup> Coupon Rate at the time of repurchase

<sup>3</sup>

<sup>3</sup> Calculated using the Internal Rate of Return method

\*Cost of debt at end of period provided for informational purposes only. See AMA for 2023

AMA of 2023	
January	4.55%
February	4.55%
March	4.55%
April	4.55%
May	4.55%
June	4.55%
July	4.55%
August	4.55%
September	4.55%
October	4.52%
November	4.52%
December	4.52%
<b>Average</b>	<b>4.54%</b>

**AVISTA CORPORATION**  
 Cost of Short-Term Debt Detail  
 December 31, 2022

Exh. MTT-2

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Avg of
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
Short-term Borrowings - Month End Balances	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000
Number of Days in Month	31	31	28	31	30	31	30	31	31	30	31	30	31	396
Avg Monthly Forecasted Borrowing Rate*	1.11%	1.27%	1.27%	1.27%	1.31%	1.31%	1.31%	1.43%	1.43%	1.43%	1.57%	1.57%	1.57%	
Credit Facility Interest Expense	\$ 141,411	\$ 164,042	\$ 148,167	\$ 164,042	\$ 163,750	\$ 169,208	\$ 163,750	\$ 184,708	\$ 184,708	\$ 178,750	\$ 202,792	\$ 196,250	\$ 202,792	\$ 2,122,958
Credit Facility Fees	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
Credit Facility Amort of up-front costs	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	574,740
<b>Total S/T Debt Expense</b>	<b>\$ 214,306</b>	<b>\$ 236,937</b>	<b>\$ 221,062</b>	<b>\$ 236,937</b>	<b>\$ 236,645</b>	<b>\$ 242,103</b>	<b>\$ 236,645</b>	<b>\$ 257,603</b>	<b>\$ 257,603</b>	<b>\$ 251,645</b>	<b>\$ 275,687</b>	<b>\$ 269,145</b>	<b>\$ 275,687</b>	<b>\$ 2,997,698</b>

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14

15 \*Forecasted Rates are based on forward rates from Thomson Reuters analysis tools plus a spread pursuant to the credit facility agreement.

**Total Borrowing Cost \$ 2,997,698**  
**Total Average Borrowings \$ 150,000,000**  
**Cost Rate 2.00%**

**AVISTA CORPORATION**  
 Cost of Short-Term Debt Detail  
 December 31, 2023

Exh. MTT-2

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Avg of
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
Short-term Borrowings - Month End Balances	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000
Number of Days in Month	31	31	28	31	30	31	30	31	31	30	31	30	31	396
Avg Monthly Forecasted Borrowing Rate*	1.57%	1.70%	1.70%	1.70%	1.89%	1.89%	1.89%	2.04%	2.04%	2.04%	2.24%	2.24%	2.24%	
Credit Facility Interest Expense	\$ 200,014	\$ 219,583	\$ 198,333	\$ 219,583	\$ 236,250	\$ 244,125	\$ 236,250	\$ 263,500	\$ 263,500	\$ 255,000	\$ 289,333	\$ 280,000	\$ 289,333	\$ 2,994,792
Credit Facility Fees	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
Credit Facility Amort of up-front costs	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	47,895	574,740
<b>Total S/T Debt Expense</b>	<b>\$ 272,909</b>	<b>\$ 292,478</b>	<b>\$ 271,228</b>	<b>\$ 292,478</b>	<b>\$ 309,145</b>	<b>\$ 317,020</b>	<b>\$ 309,145</b>	<b>\$ 336,395</b>	<b>\$ 336,395</b>	<b>\$ 327,895</b>	<b>\$ 362,228</b>	<b>\$ 352,895</b>	<b>\$ 362,228</b>	<b>\$ 3,869,532</b>

**Total Borrowing Cost \$ 3,869,532**  
**Total Average Borrowings \$ 150,000,000**  
**Cost Rate 2.58%**

15 \*Forecasted Rates are based on forward rates from Thomson Reuters analysis tools plus a spread pursuant to the credit facility agreement.

**AVISTA CORPORATION**  
 Cost of Long-Term Variable Rate Debt Detail  
 December 31, 2022

Exh. MTT-2

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Avg of
(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(o)
Trust Preferred*	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$ 40,000,000
Number of Days in Month	31	31	28	31	30	31	30	31	31	30	31	30	31	
Forecasted Rates Trust Preferred	1.0482%	1.0245%	1.0245%	1.0245%	1.0552%	1.0552%	1.0552%	1.1454%	1.1454%	1.1454%	1.3156%	1.3156%	1.3156%	
Trust Preferred Interest Expense	\$ 36,105	\$ 35,288	\$ 31,873	\$ 35,288	\$ 35,173	\$ 36,346	\$ 35,173	\$ 39,453	\$ 39,453	\$ 38,180	\$ 45,315	\$ 43,853	\$ 45,315	\$ 496,816

Description	Coupon Rate	Maturity Date	Settlement Date	Principal Amount	Issuance Costs	Loss/Reacq Expenses	Net Proceeds	Yield to Maturity	Outstanding 12/31/22	Effective Cost
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Trust Preferred	1.24%	6/1/37	6/3/97	\$ 40,000,000	\$ 1,296,086	\$ (1,769,125)	\$ 40,473,039	1.205%	\$ 40,000,000	\$ 481,876

15 \*Original issue principal amount was \$50 million. The Company repurchased \$10 million of the securities outstanding.

16 \*\*Forecasted Rates are based on forward rates from Thomson Reuters analysis tools plus the 87.5 basis points pursuant to the debt agreement.

**AVISTA CORPORATION**  
 Capital Structure Reconciliation  
 (dollars in thousands)

	<b>10-Q</b>			<b>Adjusted</b>		<b>Adjusted</b>
	<b>9/30/2021</b>	<b>Adjustments</b>		<b>Regulatory</b>	<b>Activity</b>	<b>Regulatory</b>
				<b>Balance</b>		<b>Balance</b>
				<b>9/30/2021</b>		<b>12/31/2023</b>
<b>Short-term Debt</b>						
Avista Corp	\$ 269,000	\$ (119,000)	a	\$ 150,000	\$ -	a \$ 150,000
Subsidiaries			b			
<b>Total short-term debt</b>	<u>\$ 269,000</u>	<u>\$ (119,000)</u>		<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>
<b>Long-term Debt</b>						
Long-term debt	\$ 1,898,235	\$ (144,735)	c	\$ 1,753,500	\$ 540,000	f \$ 2,293,500
Current Portion of long-term debt and capital leases	250,000	-	c	250,000	(263,500)	g \$ (13,500)
Debt to Affiliated Trust	51,547	(11,547)	d	40,000		\$ 40,000
<b>Total long-term debt</b>	<u>\$ 2,199,782</u>	<u>\$ (156,282)</u>		<u>\$ 2,043,500</u>	<u>\$ 276,500</u>	<u>\$ 2,320,000</u>
<b>Equity</b>						
Total Avista Corporation stockholders' equity	<u>\$ 2,101,636</u>	<u>\$ (78,256)</u>	e	<u>\$ 2,023,380</u>	<u>\$ 303,424</u>	<u>\$ 2,326,804</u>

a Adjusted to reflect short term debt balances on a monthly average.

b We exclude short-term borrowings outstanding at our subsidiaries.

c These adjustments are made to reflect our actual principal amount outstanding. We exclude amounts related to settled interest rate swaps and unamortized debt discount. The amounts related to settled interest rate swaps and unamortized debt discount are included as a cost of debt. Additionally, amounts related to capital leases and subsidiary long-term debt are excluded from Avista Utilities long-term debt.

d We hold \$11.547 million of these securities. The \$40 million adjusted balance relates to the current outstanding balance to third party investors.

e We exclude the following: capital stock expense; in order to recover the costs incurred for issuing equity, an amount equivalent to the investment in AERC, and accumulated other comprehensive loss; in order to reflect our actual equity balance.

Equity Adjustments (dollars in thousands):

Capital Stock Expense	\$ 19,500
Accumulated other comprehensive loss	\$ 13,451
Investment in AERC	\$ (111,207)
<b>Total</b>	<u>\$ (78,256)</u>

f Represents the issuance of long-term debt. There are forecasted issuance of \$370 million in 2022 and \$100 million in 2023.. For additional details related to these issuances see page 3b of this Exhibit.

g \$250 million of debt matures on 4/01/2022. \$6.5 million of debt matures on 5/5/2023 and \$7 million of debt matures on 8/11/2023.

h Forecasted Equity Activity (dollars in thousands):

Equity Activity	\$ 301,196
Change in equity in AERC	\$ 2,228
<b>Total</b>	<u>\$ 303,424</u>