



1411 East Mission Avenue
PO Box 3727
Spokane, WA 99220-3727

February 26, 2020

Mr. Mark Johnson, Executive Director and Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

Mr. King:

Transmitted herewith is one executed copy of an application for approval of an order authorizing security issuance.

The Company requests to receive an Order of Approval from the Commission by March 26, 2020. When complete, please send the executed copy of the Order of Approval to:

Mr. Jason Lang, Assistant Treasurer
Avista Corporation
1411 East Mission Avenue
Spokane WA 99202-2600

If any questions arise or additional information is needed, please do not hesitate to contact Megan Thilo at 509-495-2149.

Sincerely,

Jason E. Lang
Assistant Treasurer

Enclosures

Received
Records Management
02/26/20 13:14
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the matter of the request of)	Application
AVISTA CORPORATION)	
for an order establishing compliance)	Docket No.
<u>with Chapter 80.08 RCW</u>)	

Avista Corporation (hereinafter called "Applicant") hereby requests the Washington Utilities and Transportation Commission enter a written order authorizing the Applicant to amend, or amend and restate, or replace a credit facility of up to \$500,000,000 with a term of up to 5 years, subject to extensions for up to two additional years, and in connection therewith to offer, issue and sell 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, including, without limitation, assumption of any obligation or liability as guarantor, endorser, surety or otherwise in respect of such securities, and any refunding, extension, renewal or replacement of such credit facility or any of the foregoing (collectively, the "Credit Facility") in compliance with the requirements of Chapter 80.08 RCW.

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 from the proposed Credit Facility for one or more of the following purposes: (a) The acquisition of property, or the construction, completion, extension, or improvement of its facilities, or (b) the improvement or maintenance of its service, or (c) the issuance of stock dividends, or (d) the discharge or refunding of its obligations, or (e) the reimbursement of moneys actually expended from income or from the treasury of the Applicant to the extent permitted by RCW 80.08.030, or (f) for other purposes permitted by law.

The Applicant will utilize the proposed Credit Facility for lawful purposes as outlined in RCW 80.08.030. Specifically, the Applicant anticipates using the Credit Facility to provide liquidity for its operations, including daily operational requirements.

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

Overview:

The Applicant has an existing credit facility that will expire in April 2021. This existing credit facility provides the Applicant with \$400 million 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 facility with an amended, or amended and restated, or replacement revolving credit facility.

The Credit Facility will amend, or amend and extend or replace the existing credit facility and provide the Applicant with the continued ability to borrow and repay these amounts as needed for daily operational requirements. The Applicant, at its option, can rollover these 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. The aggregate borrowings outstanding under the Credit Facility will be limited to \$500,000,000. Similar to the existing credit facility, interest will be charged under the Credit Facility at rates set by the tenure 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 First Mortgage Bonds issued under the Applicant's Mortgage and Deed of Trust, dated as of June 1, 1939, as amended and supplemented. Substantially all of the Applicant's utility properties are subject

to the lien of the Mortgage and Deed of Trust. The existing facility is similarly secured with First Mortgage Bonds.

Amount: \$500,000,000 in aggregate.

Date of Issue and Maturity: The Credit Facility is expected to have an initial term of five years expiring in 2025 with an option to extend the term up to two more years if the Applicant and the banks agree.

Compensation to any bank or agent for their services in connection with the handling of the Credit Facility is not expected to exceed 1%, including fees for co-lead arrangers (fee paid for organizing the syndication of the Credit Facility, expected to range from 0.075% to 0.10%) and upfront fees (fee paid for the banks' initial commitment of capital upon closing the Credit Facility, expected to range from 0.12% to 0.30%), and agency fees (annual fee paid to the lead bank for administering the Credit Facility expected to range from \$40,000 to \$50,000 annually), and such fees do not exceed the customary fees for such services in arm's-length transactions and are reasonable.

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	Eurodollar Margin ⁽¹⁾	ABR Margin ⁽²⁾	LC Participation Fee
I	0.075%	0.675%	0.000%	0.675%
II	0.100%	0.775%	0.000%	0.775%
III	0.125%	0.875%	0.000%	0.875%
IV	0.175%	0.950%	0.000%	0.950%
V	0.200%	1.050%	0.050%	1.050%
VI	0.250%	1.250%	0.250%	1.250%

¹ Eurodollar Margin applies for borrowings with a term of at least two weeks. The rate will be the applicable LIBOR rate plus the Eurodollar Margin.

² Alternate Base Rate Margin applies for borrowings of less than two weeks. The rate is reset daily to whichever is the greatest of (a) Prime Rate, (b) the Federal Funds Rate plus the Base Rate Margin, (c) 30 day LIBOR rate 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). The credit facility agreement indicates that in the event the 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 higher rating will apply.

The Applicant will only enter into transactions where the fees, interest rates and expenses charged or incurred by the Applicant in connection with the transactions, and any refunding, extensions, renewals or replacements thereof, are competitive with market prices for similar transactions.

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

The requested authority will allow the Applicant to continue to manage its daily cash needs consistent with purposes allowed by Chapter 80.08 RCW. Accordingly, the Applicant believes 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 its order affirming that the applicant has complied with the requirements of RCW 80.08.040.

Done at Spokane, Washington this 25th day of February 2020.

AVISTA CORPORATION

By:




Mark T. Thies
Executive Vice President, CFO and
Treasurer


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 15 day of February 2020.

By: 
Mark T. Thies
Executive Vice President, CFO and
Treasurer

SUBSCRIBED AND SWORN to before me this
15 day of February 2020


Notary Public for Washington

My Commission Expires: 11/23/2021



Exhibit A – Proposed Order

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of)	DOCKET U-XXXXXX
)	
AVISTA CORPORATION dba)	ORDER 01
AVISTA UTILITIES,)	
)	
Petitioner,)	
)	ORDER ESTABLISHING
For an Order Establishing Compliance)	COMPLIANCE WITH RCW 80.08.,
with the Provisions of RCW 80.08, with)	SECURITIES
Respect to its Proposal to issue up to)	
\$500,000,000 of securities in connection)	
with a credit facility)	
.....)	
.)	

BACKGROUND

- 1 On [DATE], Avista Corporation (“Applicant”) filed its application before the Washington Utilities and Transportation Commission (“Commission”) in this matter for an order affirming that amendment, amendment and restatement, or replacement of a credit facility of up to \$500,000,000, the issuance of securities in connection therewith, and any refunding, extension, renewal or replacement of any of the foregoing are in compliance with the requirements of Chapter 80.08 RCW.

- 2 According to Avista’s application and supporting documents, the proceeds of the financing are for one or more of the purposes allowed by RCW 80.08.030.

FINDINGS AND CONCLUSIONS

- 3 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric and natural gas companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.*

- 4 (2) Avista is engaged in the business of providing electric and natural gas service within the state of Washington. As a public service company, it is subject to Commission jurisdiction.
- 5 (3) The application Avista filed meets the requirements of *RCW 80.08* which concern the issuance of securities by public service companies.
- 6 (4) The information Avista filed in this docket contains: (a) a certification by an authorized officer that the proceeds will be used for one or more purposes allowed by *RCW 80.08.030*; (b) a description of the Credit Facilities, and (c) a statement as to why the proposed transaction is in the public interest. *See WAC 480-100-242 & WAC-480-90-242.*
- 7 (5) After reviewing the information and application Avista filed in Docket U-XXXXXX on [Date] and giving due consideration, the Commission finds that Avista is in compliance with *RCW 80.08.040*.

ORDER

THE COMMISSION ORDERS:

- 8 (1) Avista is in compliance with the requirements of *RCW 80.08.040* with respect to the proposal in its notice to amend, or amend and restate, or replace its current credit facility with a credit facility of up to \$500,000,000 in aggregate principal amount at any time outstanding with a term of up to 5 years, subject to extensions not to exceed two additional years, and in connection therewith to offer, issue and sell 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, including, without limitation, assumption of any obligation or liability as guarantor, indorser, surety or otherwise in respect of such securities, for the purposes described in this Application, with continuing authority to refund, extend, renew or replace the same without further order of the Commission.
- 9 (2) Avista Corporation is directed to file a Report of Securities Issued as required by *WAC 480-100-262*, and *WAC 480-90-262*. Avista Corporation is also required to file verified copies of any agreement entered into in connection with any

transaction pursuant to this Order. Finally, Avista Corporation shall file a verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to this Order.

- 10 (3) This Order shall in no way affect the authority of the Commission over rates, services, accounts, valuations, estimates, or determination of costs, or any matters that may come before it. Nor shall anything in this Order be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective MONTH DD, YYYY.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Mark Johnson
Executive Director & Secretary