

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the matter of the request of)	Application
AVISTA CORPORATION)	
for an order establishing compliance with)	Docket No.
Chapter 80.08 RCW with respect to proposed)	
issuance of up to \$250,000,000 of additional)	
indebtedness)	

Avista Corporation (hereinafter called the "Applicant") hereby requests the Washington Utilities and Transportation Commission enter a written order authorizing the Applicant's entry into one or more of the following short-term unsecured credit facilities, which collectively represent \$250,000,000 in aggregate principal amount: (1) a term loan credit facility in the initial principal amount of \$100,000,000, with an option to request an additional \$50,000,000 as part of an uncommitted incremental facility for which incremental borrowings the lenders retain the sole discretion on whether to fund (the "Bridge Loan"); (2) a \$50,000,000 increase to its existing unsecured revolving credit facility (the "Accordion Loan"); and (3) a \$50,000,000 bilateral uncommitted letter of credit facility (the "LC Facility", and together with the Bridge Loan and the Accordion Loan, the "Proposed Financings"). Each of the Proposed Financings is expected to expire less than 12 months from the date of issuance. The anticipated terms of the Proposed Financings are described in more detail in Section 2 of this application.

The requested authority to consummate the Proposed Financings is in addition to all authority previously granted by the Washington Utilities and Transportation Commission for the issuance of debt securities or the incurrence of other indebtedness under previous applications by the Applicant. The anticipated Proposed Financings, each standing alone, would be exempt as short term debt under RCW 80.08.043 and the definition of "Securities" in WAC 480-90-242 and WAC 480-100-242 from the requirement that the Applicant file notice under RCW 80.08.040, WAC 480-90-242(1), and WAC 480-100-242(1) before issuing securities. However, the Proposed Financings, "together with all other . . . outstanding notes and drafts of a maturity of twelve months or less on which [Applicant] is primarily or secondarily liable" may exceed "five percent of the par value of other securities of [Applicant] outstanding" at the time it enters into the Proposed Financings,¹ in which case the short-term debt exemption would not apply.

Therefore, this request includes the information required by Chapter 80.08 RCW, and the Applicant requests under RCW 80.08.040(4) that the Commission enter a written order that the Applicant has complied with the requirements of RCW 80.08.040.

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 Proposed Financings are 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.

Over several days prior to the date of this application, the Applicant has seen gas and power prices spike 5 to 8 times higher than normal, which has led to significant margin calls associated with future commodity sales and hedging arrangements. That, in turn, has placed pressure on Applicant's available liquidity. With anticipated cold weather throughout the western United States in coming days these conditions may persist. The Applicant will use the proceeds of the Proposed Financings to meet its short-term liquidity obligations and for other general corporate purposes set forth in R.C.W. 80.08.030. Please see the required certification below.

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

¹ The Applicant's issued stock has no par value. The Applicant has therefore used its stock price on December 12, 2022 to estimate the 5% limit "on the basis of the fair market value as of the date of issuance" of the Debt Securities, anticipated to issue on December 14, 2022. See RCW 80.08.043.

The Applicant proposes to enter into the Proposed Financings in an aggregate principal amount of \$250,000,000 (in addition to the all authority previously granted by the Washington Utilities and Transportation Commission pursuant to RCW 80.08.040 and all short-term debt issued in reliance on the exemption in RCW 80.08.043). None of the Proposed Financings would be secured by any lien on assets of the Applicant, other than the posting of cash collateral to secure any letters of credit to the extent required by the applicable lenders or letter of credit issuers.

In case of each of the Proposed Financings, 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.

Further details regarding the expected terms of each of the Proposed Financings follow under the respective section headings.

A. Bridge Loan

The Bridge Loan comprises a \$100,000,000 unsecured short-term term loan that will be fully funded at closing in a single draw anticipated on or about December 14, 2022. In addition, Applicant has the option to request an additional \$50,000,000 in principal amount as part of an uncommitted incremental facility (for which incremental borrowings the lenders retain sole discretion whether or not to fund). The Bridge Loan is expected to mature in less than four months following the date of execution and delivery.

Compensation to any bank or agent for their services in connection with the handling of the Bridge Loan is not expected to exceed 1%, including fees for co-lead arrangers (fee paid for organizing the syndication of the Bridge Loan, expected to range from 0.20% to 0.40%, to be paid in part at closing and the remainder at a future date).

Estimated fees and borrowing spreads for the Bridge Loan are as follows:

1. Loans comprising Alternate Base Rate borrowings (for borrowings of less than one month) shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin of 0.25%. The Alternative Base Rate is reset daily to whichever is the greatest of (a) 0.00%, (b) the Federal Funds Rate plus 0.50%, (c) the Prime Rate, and (d) the Adjusted Term SOFR Rate for a one-month tenor in effect on such day plus 1.00%.
2. Loans comprising Term SOFR borrowings shall bear interest during the applicable interest rate period (of either one-month or three-month tenor) at a rate per annum equal to the Adjusted Term SOFR Rate for such applicable interest rate period plus the Applicable Margin of 1.25%. The Adjusted Term SOFR Rate, for any available tenor and interest period, is the greatest of (a) 0.00% and (b) the sum of (i) the Term SOFR Screen Rate quoted for such interest period (published two business days before the first date of such interest period) plus (ii) the SOFR Adjustment of 0.10%.

B. Accordion Loan

The Accordion Loan is a proposed increase of \$50,000,000 to the Applicant's existing \$50,000,000 unsecured revolving credit facility entered into in November 2022, for a new total of \$100,000,000 in aggregate revolving commitments. Terms for the Accordion Loan are expected to be substantially similar to the current terms in the existing facility. Compensation to any bank or agent for their services in connection with the handling of the Accordion Loan is not expected to exceed 1% of the proposed aggregate revolving commitments (fee paid for organizing the syndication of the Accordion Loan, expected to range from 0.20% to 0.40%, to be paid at closing).

Estimated fees and borrowing spreads are as follows, subject to change pursuant to the terms of the existing loan documentation:

The Applicable Rate references the relevant margin set forth in the table below for the applicable pricing level.

Pricing Level	SOFR Margin (1)	ABR Margin (2)
I	1.050%	0.050%
II	1.150%	0.150%
III	1.250%	0.250%
IV	1.325%	0.325%
V	1.525%	0.525%
VI	1.725%	0.725%

¹SOFR Margin applies for borrowings with a term of at least one month. The loans comprising each SOFR borrowing bear interest at a rate per annum equal to the Adjusted Term SOFR Rate (which includes the Term SOFR Index Adjustment of 0.10%) for the interest period in effect plus the SOFR Margin.

²ABR Margin applies for borrowings of less than one month. The loans comprising each ABR borrowing bear interest at a rate per annum equal to the Alternate Base Rate plus the ABR Margin. The Alternate Base Rate is reset daily to whichever is the greatest of (a) the Federal Funds Effective Rate in effect plus 0.50%, (b) the Prime Rate, and (c) the Adjusted Term SOFR Rate for a one-month tenor in effect on such day plus 1.00%.

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.

C. LC Facility

The LC Facility is a bilateral unsecured, uncommitted letter of credit facility of up to \$50,000,000. The LC Facility will likely be evidenced by a continuing letter of credit agreement for standby letters of credit. The letter of credit issuer (or any of its branches or other affiliates acting as letter of credit issuer) retains sole discretion to issue, from time to time, one or more irrevocable letters of credit (each such issuer, an "LC Issuer").

Fees payable by Applicant to the LC Issuer will be as agreed upon between the parties in writing, or in accordance with the LC Issuer's standard fees in effect, among other costs and expenses. Based on current market conditions, the Applicant expects a letter of credit issuance fee of 1.20%, subject to change in accordance with the terms of the definitive agreement. The anticipated tenor of all letters of credit issued under the LC facility will be shorter than 1 year.

(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 and short-term liquidity obligations 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 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 12th day of December, 2022.

AVISTA CORPORATION

By: 

Mark T. Thies
Executive Vice President, CFO and
Treasurer