

**Exh. CRM-6
Dockets UE-170485/UG-170486
Witness: Chris R. McGuire**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION d/b/a
AVISTA UTILITIES,**

Respondent.

**DOCKETS UE-170485 and
UG-170486 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

Chris R. McGuire

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Avista Response to UTC Staff Data Request No. 102

October 27, 2017

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	08/31/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Mark Thies
REQUESTER:	UTC Staff	RESPONDER:	Jason Lang
TYPE:	Data Request	DEPT:	Finance
REQUEST NO.:	Staff - 102	TELEPHONE:	(509) 495-2930
		EMAIL:	jason.lang@avistacorp.com

REQUEST:

Regarding the 3.54% Series debt issuance on Exh. MTT-2C, please identify and provide a copy of any cost/benefit studies performed by Avista that were performed prior to committing to incur the indicated \$53,966,197 of "SWAP Loss" costs.

RESPONSE:

The Company follows its Interest Rate Risk Mitigation Plan in executing any interest rate hedges. This plan averages in the interest rate over the previous 5 years to avoid taking all the interest rate risk (volatility) of pricing debt issuances on a specific day.

As discussed in the Company's response to Staff_DR_098, as the analysis reflects, the potential impact from interest rates moving higher could have resulted in approximately **\$72 million** of increased interest costs to customers. Entering into these hedges protected customers from this interest rate variability. See Staff_DR_098 Attachment B for a summary of the analysis for each of the hedges that were executed.

See also Avista's response to Staff_DR_096C and 097.