

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)	
CORPORATION'S APPLICATION FOR)	CASE NO. AVU-U-14-01
AUTHORITY TO ENTER A CREDIT)	
FACILITY UP TO \$500,000,000)	ORDER NO. 32998
)	

On February 18, 2014, Avista Corporation ("Avista" or the "Company") applied to the Idaho Public Utilities Commission for an Order allowing it to enter into one or more debt credit facilities of up to \$500,000,000 in total (the "Credit Facilities"). Based on our review of the record, we issue this Order approving the Application as noted below.

THE APPLICATION

Avista is a Washington corporation that is qualified to do business in the State of Idaho. It generates, transmits, distributes, and sells electricity in northern Idaho, eastern Washington, and western Montana. It also distributes and sells natural gas in eastern Washington, northern Idaho, and central and southwest Oregon.

With this Application, Avista asks the Commission to authorize it to enter into one or more debt Credit Facilities of up to \$500,000,000 in total. The term of the Credit Facilities will be for five years expiring in 2019 with an option to extend the term up to two years. The Credit Facilities may include issuance of secured or unsecured bonds, notes or other indebtedness. Avista proposes that any guarantee of indebtedness may be refunded, extended, renewed or replaced within the authorized timeframe. The requested authority will replace current facilities set to expire in February 2017.

Avista says it will use the proceeds for one or more of the following purposes: (a) to acquire property or construct, complete, extend, or improve its facilities; (b) to improve or maintain its service; (c) to discharge or refund its obligations; (d) to reimburse money actually expended for said purposes from income or other money in the treasury not secured or obtained from the issue, assumption or guarantee of securities; or (e) for such other purposes as may be permitted by law.

The estimated fees and borrowing spreads will be based on the Company's current senior secured debt rating and current market information. Avista's current senior secured debt

ratings are A- by Standard & Poors and A2 by Moody's. This currently places Avista in Pricing Level I where the facility fee would be 0.10%. Avista will only enter into transactions where the fees, interest rates and expenses charged or incurred by Avista in connection with the transactions and any refunding, extensions, renewals or replacements are competitive with market prices for similar transactions. The Company's Application is consistent with the previously authorized notification and filing process if a rating falls below investment grade.

The Company also requests authority to issue, refund, extend, renew or replace indebtedness under the credit facility without further Commission approval. The issuance would allow the Company greater flexibility to manage its daily cash funds and reduce borrowing costs, thereby permitting the Company to better manage its debt and capital in a more efficient and cost effective manner.

Documents filed with the Application indicate that no person has received or will be entitled to receive from Avista any fee (1) for services in connection with the consummation of the above-referenced transactions, other than underwriting/arranging fees, commitment fees, agency fees, and fees for legal, accounting or similar professional or technical services; or (2) for services in securing lenders in the Credit Facility.

STAFF REVIEW

Staff recommended approval of the proposed Credit Facilities up to \$500,000,000 in total. Staff also recommended the authority be for five years with allowed extensions up to two additional years. If the extensions are exercised, Staff recommended the Company be required to file an informational letter notifying the Commission of any extensions under this authority. In addition, it is recommended the authority under this initial approval be continuing (without further Order required) for the five-year term plus any extensions provided Avista maintains senior secured debt ratings that are investment grade, BBB-/Baa3 or at least Pricing Level V. The terms of the current authority are consistent with these recommendations and are acceptable to the Company.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Commission finds that Avista Corporation is a Washington corporation that is qualified to do business in Idaho. The Company is a public utility engaged in the generation, purchase, transmission, distribution and sale of electric energy and the purchase, distribution, and sale of natural gas. The Company is a gas corporation within the definition of *Idaho Code* § 61-

117, an electric corporation within the definition of *Idaho Code* § 61-119, and a public utility within the definition of *Idaho Code* § 61-129. The Commission has jurisdiction over this Application pursuant to the provisions of *Idaho Code* § 61-901, *et seq.*

Avista's Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure (IDAPA 31.01.01.141-150), and Avista has paid all fees required by *Idaho Code* § 61-905.

The proposed issuance is for a lawful purpose, is within Avista's corporate powers, and is compatible with the public interest.

The Commission's approval of the issuance is not a finding of fact or a conclusion of law that the particular use to which these funds are to be put is approved by this Order. The issuance of an Order authorizing the proposed issuance does not constitute agency determination or approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination in this case and therefore does not determine the effect of issuance on rates to be charged by Avista for gas or electric service to consumers in the State of Idaho.

ORDER

IT IS HEREBY ORDERED that Avista's Application for authority to enter into one or more debt Credit Facilities of up to \$500,000,000 with a term of up to five years subject to extensions not to exceed two more years, is granted.

IT IS FURTHER ORDERED that Avista shall promptly notify the Commission in writing if it exercises any of the extensions referenced above.

IT IS FURTHER ORDERED that this authorization will remain in place for five years from the date of execution of the credit agreement, plus any extensions exercised up to two more years, provided that the Company maintains at least Pricing Level V as indicated in the application (i.e., BBB- or higher senior secured debt rating, as indicated by Standard & Poor's Ratings Services, and a Baa3 or higher rating as indicated by Moody's Investors' Service, Inc.). If Avista's senior secured debt rating falls below either rating ("Downgrade"), the Company's authority to incur borrowings provided in this Order will not terminate, but instead will continue for a period of 364 days from the date of the Downgrade (the "Continued Authorization Period"), provided that Avista: (1) promptly notifies the Commission in writing of the Downgrade, requesting a supplemental Order (the "Supplemental Order") authorizing the Company to

continue to make borrowings as provided in the Order, notwithstanding the Downgrade. Until the Company receives the Supplemental Order, any borrowings made by the Company during the Continued Authorization Period will become due or mature no later than the final date of the Continued Authorization Period. Subject to the foregoing provisions regarding a Downgrade, no additional authorization is required to carry out this transaction and no additional Order will be issued.

IT IS FURTHER ORDERED that Avista shall file the terms of the proposed issuance(s) of securities in connection with the Credit Facility, and any subsequent changes to the terms with Staff upon issuance. This informational filing should be made within seven days, or as soon as possible, after the closing of the Credit Facility.

IT IS FURTHER ORDERED that Avista shall file, as soon as they become available and update if any changes occur: (a) the "Report of Securities Issued," and (b) verified copies of any credit agreement entered into pursuant to this Order.

IT IS FURTHER ORDERED that the issuance of this Order does not constitute acceptance of Avista's exhibits or other material accompanying this Application for any purpose other than the issuance of this Order.

IT IS FURTHER ORDERED that nothing in this Order or any act or deed performed in connection with this Order shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of this Order.

IT IS FURTHER ORDERED that this authorization is without prejudice to the Commission's regulatory authority regarding rates, service, accounts, evaluation estimates or determination of costs or any other matter which may come before the Commission pursuant to its jurisdiction and authority as provided by law.

THIS IS A FINAL ORDER. Any person interested in the Order (or in issues decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order and in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code §§ 61-626 and 62-619.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 19th
day of March 2014.



PAUL KJELLÄNDER, PRESIDENT

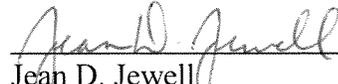


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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