# BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

Office of the Secretary

Service Date

May 28, 1999

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| **IN THE MATTER OF THE APPLICATION OF**  **AVISTA CORPORATION FOR AUTHORITY TO ISSUE, SELL, DELIVER AND/OR GUARANTEE DEBT SECURITIES.** | **)**  **)**  **)**  **)**  **)** | **CASE NO. AVU-U‑99‑1** ORDER NO. 28057 |

On April 27, 1999, pursuant to *Idaho Code*  61-901 *et seq*., Avista Corporation filed an Application requesting authority to issue, sell, deliver and/or guarantee debt securities, in one or more series, with an aggregate stated value of not more than $400 million. The proceeds of the issue will be used to (1) retire or exchange one or more outstanding stock, bond or note issuances, (2) fund Avistas construction, facility improvement and maintenance programs, (3) reimburse treasury for funds previously expended, or (4) other purposes permitted by law.

**BACKGROUND**

Avista is a public utility originally incorporated in the Washington territory on March 15, 1889. It owns and operates property in Washington, Idaho, Montana, Oregon and South Lake Tahoe, California. Avista generates, transmits, distributes and sells electric energy. It sells at retail to approximately 300,000 residential, commercial, and industrial customers in eastern Washington and northern Idaho. It sells at wholesale to other public utilities, municipalities and other entities. Its electric properties are operated as a unified system and are interconnected with adjacent electric utilities. Avista also distributes and sells natural gas to approximately 262,000 customers.

According to the Application, Avista requests authority to issue, sell, deliver and/or guarantee debt securities, in one or more series, with an aggregate stated value of not more than $400 million. Avista stated that the proceeds of the issue will be used to (1) retire or exchange one or more outstanding stock, bond or note issuances, (2) fund Avistas construction, facility improvement and maintenance programs, (3) reimburse treasury for funds previously expended, or (4) other purposes permitted by law.

Avista further indicated that the terms of each issuance series will be determined at the time of issuance. The debt issuances may be at a fixed or variable interest rate. The length of the issuance series may also vary.

Avista paid the requisite fee for issuance of the securities.

### STAFF RECOMMENDATION

Staff recommended the Commission approve the Application. Staff further recommended that the Commission exercise its authority under *Idaho Code*  61-909 and order that the issuance be continuing until issued in full and exempt from further regulatory applications. *Idaho Code*  61-909 provides that the Commission:

may from time-to-time by order or rule, and subject to such terms and conditions as may be prescribed therein, exempt any security or any class of securities for which an application is required under this chapter or any public utility or class of public utility from the provisions of this chapter if it finds that the application thereof to such security, class of securities, public utility or class of public utility is not required by the public interest.

Staff stated that granting of the exemption for this debt issuance is consistent with the public interest. According to Staff, the issuance of the full $400 million currently represents approximately twenty-five percent (25%) of total capitalization. Staff stated it monitors Avista’s financial condition and changing circumstances. If Avista’s financial condition changes, making the exemption of the remaining debt authority no longer warranted, Staff stated either Staff or another party could request the exemption be revoked. Staff asserted that approval of this debt authority would not constitute a determination by the Commission of any utility ratemaking issues or approval of Avista’s expenditures. Those matters are reserved for decisions until they are presented to the Commission in appropriate proceedings. Staff requested Avista be required to file the terms with the Staff prior to issuance. This requirement will be an informational filing requirement that should be supplied seven (7) days prior to issuance or as soon as possible prior to issuance. Avista will provide all final reports of its debt issuances to the Commission subsequent to the issuance.

#### COMMISSION FINDINGS

The Commission has jurisdiction over this matter pursuant to the provisions of *Idaho Code*  61‑901 *et seq*., and the Commission finds that the Application reasonably conforms to Rules 141 through 150 of the Commission Rules of Procedure. IDAPA 31.01.01.141-150. The Commission finds that the method of issuance is proper.

The Commission further finds that the proposed issuance is for a lawful purpose and is within Avista’s corporate powers. However, this is only a general approval and 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 financing does not constitute agency determination/approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination and, therefore, does not determine the effect of the securities issuance on rates to be charged by Avista for electric service or the sale of natural gas to consumers in the state of Idaho. The Commission further finds that the proposed transaction is in the public interest and a formal hearing on this matter would serve no public purpose.

The Commission finds that all fees have been paid by Avista in accordance with *Idaho Code*  61-905.

Finally, the Commission finds that exemption from the provisions of *Idaho Code*  61-901 and 61-902 to such security is in the public interest. If subsequent events and changes in Avista’s financial position warrant the exemption be ended, the Commission may reconsider this finding.

#### O R D E R

IT IS THEREFORE ORDERED that the Application of Avista Corporation to issue, sell, deliver and/or guarantee debt securities, in one or more series, with an aggregate stated value of not more than $400 million in the ways and for the purposes set forth in the Application be, and the same is hereby granted.

IT IS FURTHER ORDERED that Avista Corporation is authorized to issue and sell not more than $400 million of debt and is exempt from the provisions of *Idaho Code*  61-901 and 61-902.

IT IS FURTHER ORDERED that this exemption will remain in place until all shares are issued and sold absent a request for review.

IT IS FURTHER ORDERED that Avista Corporation is required to informally file the estimated terms of issuance(s) with the Staff prior to issuance and the formal issuance terms as follows be reported subsequent to the issuance as they become available:

a. The “Report of Securities Issued” required by 18 CFR 34.10.

b. Verified copies of any agreement entered into in connection with the issuance of Preferred Stock pursuant to this Order.

c. A verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to this Order.

IT IS FURTHER ORDERED that nothing in 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. See *Idaho Code*  61-906.

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

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

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho* Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this day of May 1999.

DENNIS S. HANSEN, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

PAUL KJELLANDER, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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