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BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UF 4079

In the Matter of the Application of )  
AVISTA UTILITIES (WPNG) to Amend ) SUPPLEMENTAL ORDER  
Order No. 92-1387. )

**DISPOSITION: ORDER NO. 92-1387 AMENDED WITH CONDITIONS**

On January 11, 2001, Avista Utilities (WPNG) filed an application pursuant to ORS 757.415 requesting an amendment to Order No. 92-1387 to increase their existing Commission approved borrowing authority from \$160,000,000 to \$400,000,000.

The basis for the current request is detailed in Staff's recommendation memo, attached as Appendix A. Based on a review of the application and the Commission's records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its public meeting on February 6, 2001, the Commission adopted Staff's recommendation to approve Avista's current request.

**ORDER**

IT IS ORDERED THAT the application of Avista Utilities (WPNG) to amend Order No. 92-1387 to increase their existing borrowing authority from \$160,000,000 to \$400,000,000 is granted, subject to conditions as specified in Appendix A. All other conditions, reporting requests, and other provisions of Order No. 92-1387, shall, to the extent not modified by this order, remain in full force and effect.

Made, entered, and effective \_\_\_\_\_.

BY THE COMMISSION:

\_\_\_\_\_  
**Vikie Bailey-Goggins**  
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements of OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070. A party may appeal this order to a court pursuant to ORS 756.580.

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 6, 2001**

**REGULAR AGENDA**\_\_\_ **CONSENT AGENDA** X **EFFECTIVE DATE** \_\_\_\_\_

**DATE:** January 24, 2001

**TO:** Bill Warren through Marc Hellman and Bryan Conway

**FROM:** Ming Peng

**SUBJECT:** UF 4079 – Avista Requests the Commission Amend Order No. 92-1387

**SUMMARY RECOMMENDATION:**

I recommend approving the application.

**DISCUSSION:**

On January 11, 2001, Avista requests the Commission amend Order No. 92-1387. The Company requests two specific amendments:

- (1) Amend the Company authority by increasing the aggregate amount of outstanding short-term borrowings to \$400,000,000 from \$160,000,000 at any one time as long as it maintains investment-grade bond ratings on its senior secured debt from at least two nationally recognized bond rating agencies.
- (2) Amend the Use of Proceeds section to read as follows:

**USE OF PROCEEDS**

Avista will use securities proceeds for the following proposes: the acquisition of utility property or the construction, extension or improvement of utility facilities; the improvement or maintenance of service; the discharge or lawful refunding of its obligations (such as relatively higher-coupon debt and maturing debt previously authorized by the Commission); and, refunding the company’s treasury expended on utility purpose. To the extent the company’s treasury is refunded, the original expenditures, or their precedents, were made for purposes decied by ORS 757.415 (1) (a), (b), or (e). To the extent that obligations are discharged or refunded, those obligations or their precedents were used for purposes described by ORS 757.415 (1) (a), (b), or (e).

Avista anticipates signing the revolving credit agreements with a group of commercial banks. These new agreements will replace two existing revolving credit agreements. The existing revolving credit agreement total \$160 million, for a net increase of \$240 million. Commitment fees paid on any unused portion of the \$400 million will be no greater than 0.20%. The interest rate paid on the debt will be one of three options:

1. The higher of the bank's prime rate or the Fed Funds Rate (plus 0.5%) plus up to 0.5% if Avista's senior unsecured debt is poorly rated;
2. The London Interbank Offered Rate (a widely used index) plus up to 1.5% if Avista's senior unsecured debt is poorly rated; or,
3. Bid rate quoted from the banks.

Avista expects fees and expenses of establishing these agreements will not exceed \$755,000. The fees, expenses, and interest rate options are reasonable.

**STAFF RECOMMENDATION:**

I recommend the Commission approve Avista's application to amend Order No. 92-1387. Such amendment increases Avista's authority to enter into revolving credit agreements to \$400,000,000 from \$160,000,000, and revises the Company's use of proceeds and its interest rate options. The Company has represented to me that the agreements' maturities will be no greater than three years. Therefore, I recommend a three-year maximum on the revolving credit agreements.

The conditions, reporting requests, and other terms of Order No. 92-1387 should remain in full force and effect.