

ENTERED MAY 31 2002

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UF 4153

In the Matter of)
)
AVISTA UTILITIES) SUPPLEMENTAL ORDER
)
Application for Supplemental Order)
allowing Adjustment to Credit Rating.)

DISPOSITION: ORDER NO. 97-392 AMENDED

On April 26, 2002, Avista Utilities filed a supplemental application requesting the Commission amend Order No. 97-392. The basis for the current request is detailed in Staff's recommendation memo, attached as Appendix A.

Based on a review of the supplemental application and the Commission's records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its public meeting on May 28, 2002, the Commission adopted Staff's recommendation to approve Avista's request.

ORDER

IT IS ORDERED THAT the supplemental application of Avista Utilities to amend Order No. 97-392 is granted, as specified in Appendix A. All other conditions, reporting requests, and other provisions of Order No. 97-392, shall, to the extent not modified by this order, remain in full force and effect.

Made, entered, and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 28, 2002

REGULAR _____ CONSENT X EFFECTIVE DATE _____

DATE: May 21, 2002

TO: John Savage through Marc Hellman and Bryan Conway

FROM: Thomas D. Morgan

SUBJECT: AVISTA UTILITIES (WPNG): (Docket No. UF 4153) Application for Supplemental Order Allowing Adjustment to Credit Rating.

STAFF RECOMMENDATION:

The Commission should approve Avista Utilities' (Avista or Company) application to amend Order No. 97-392, approving the existing authority as long as the credit rating remains investment-grade.

DISCUSSION:

On August 21, 1997, Avista (formerly known as Washington Water Power, or WWP) filed an application for approval of an order authorizing the issuance and sale of up to \$250 million of debt securities and to enter into interest rate swaps. Commission approval was granted via Order 97-392 in which the company was required to file a supplemental application if one or both of the major debt rating agencies identified rated its senior secured debt below certain levels, i.e., BBB+ (S&P) and Baa1 (Moody's).

The Company represents that it is considering entering into interest rate swaps that could lower its current interest rate expenses.

The Company is currently considering entering into interest rate swap(s) and requests this supplemental order allowing such activity and others approved in the initial order as long as the Company maintains investment grade ratings for its senior secured debt by both of the major debt rating agencies (i.e. Moody's and S&P). Such authority is consistent with recent Commission approvals and requires Avista to maintain investment grade ratings. All other provisions of prior Commission orders under UF 4153 remain unchanged.

PROPOSED COMMISSION MOTION:

Avista's application to amend Order 97-392 is approved.