

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UF 4260(1)

In the Matter of

AVISTA CORPORATION, dba AVISTA
UTILITIES

Requests Amendment to Order No. 09-442.

ORDER

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS
AND REPORTING REQUIREMENTS**

On October 2, 2009, Avista Corporation, dba Avista Utilities (Avista or Company), filed an application with the Public Utility Commission of Oregon (Commission), pursuant to ORS 757.415(1) and OAR 860-027-0030, for authorization to enter into a credit facility agreement in a total amount of up to and not exceeding \$100 million for a term of no more than three years. On November 4, 2009, the Commission approved Avista's application with Order No. 09-442.

On November 10, 2009, Avista filed an Amended Finance Application which seeks to amend sections (j) and (k) of the Company's initial application relating to the maximum rates, spreads and fees authorized by Order No. 09-442. The basis for the request is detailed in Staff's Report, attached as Appendix A, and incorporated by reference.

Based on a review of the application and the Commission's records, the Commission finds that this application satisfies applicable statutes and administrative rules. At its public meeting on November 24, 2009, the Commission adopted Staff's recommendation and approved Avista's current request, with the conditions and reporting requirements incorporated as Appendix A.

ORDER

IT IS ORDERED that Commission Order No. 09-442 is amended by inclusion of the conditions and reporting requirements specified in the Staff Report, Appendix A.

Made, entered, and effective NOV 24 2009

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
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 in 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(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

ITEM NO. CA4

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 24, 2009

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: November 17, 2009

TO: Public Utility Commission

FROM: Jorge Ordonez JDO A

THROUGH: Lee Sparling, Marc Hellman, and Steve Storm SB

SUBJECT: AVISTA CORPORATION: (Docket No. UF 4260(1)) Requests amendment to Order No. 09-442 in UF 4260.

STAFF RECOMMENDATION:

The Commission should approve Avista Corporation's (Avista or Company) request for an amendment to Order No. 09-442 in UF 4260 subject to the following conditions and reporting requirements:

- 1) Subsequent to a Commission Order pursuant to this amended application, Avista may enter into a credit facility agreement in a total amount of up to and not exceeding \$100 million for a term of no more than 3 years if the rates, spreads and fees do not exceed those identified in the Company's application, as amended.
- 2) The Company shall file reports with the Commission no less frequently than annually, with each report including the outstanding balances of revolving credit under the new credit facility, the outstanding letters of credit issued under the new credit facility, and total amount of interest accrued and fees paid in the reporting period under the new facility. Filing of such reports shall continue as long as this new credit facility remains in effect.
- 3) All conditions and reporting requirements associated with Order No. 09-442 continue to apply, except where expressly modified within the amended order issued pursuant to this filing request.

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DISCUSSION:

On November 04, 2009, the Commission approved Avista's application for authority to enter into a credit facility agreement in a total amount of up to and not exceeding \$100 million for a term of no more than 3 years.

On November 10, 2009, Avista filed an Amended Finance Application (Amended Application) which seeks to amend sections (j) and (k) of the Company's initial application relating to the maximum rates, spreads and fees authorized by Order No. 09-442.

Fees and Expenses

In Avista's Amended Application, the Company requests that section (j) to be amended to include that the Company expects to pay a one-time arrangement fee estimated to be no greater than \$250,000 and an annual administrative agency fee not to exceed \$30,000.¹

In Avista's Amended Application, the Company also requests that section (k) of the application be amended, with the proposed maximum margins and fees set forth in Table 1 of Attachment A, based on the applicant's senior secured debt. The Company also represents in the Amended Application that its senior secured debt ratings are currently BBB+/Baa1 (i.e. Pricing Level III). In the event senior secured debt ratings by Standard & Poor's and Moody's are split one level, the higher rating will apply. In the event the ratings are split by more than one level, the rating one level below the higher rating will apply.

Finally, the Company represents that upfront fees will not exceed 50 basis points times the initial size of the facility.²

PROPOSED COMMISSION MOTION:

Commission Order No. 09-442 be amended by inclusion of conditions contained in Staff's Report dated November 17, 2009.

Attachment
UF 4260(1) AVA

¹ See page 1 of Avista's Amended Application.

² See page 2 of Avista's Amended Application.

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Attachment A

Table 1

Maximum Spreads and Facility Fees

**Pricing Level based on ratings of applicants' senior secured debt from
 Standard & Poor's and Moody's Investor Services**

Pricing Level	Facility Fee	Eurodollar Margin	Alternate Base Rate Margin
I (greater than or equal to A/A2)	0.25%	2.00%	2.00%
II (A-/A3)	0.30%	2.20%	2.20%
III (BBB+/Baa1)	0.375%	2.375%	2.375%
IV (BBB/Baa2)	0.50%	2.50%	2.50%
V (BBB-/Baa3)	0.75%	2.75%	2.75%
VI (less than or equal to BB+/Ba1)	0.875%	3.125%	3.125%