



Idaho Public Utilities Commission

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Case Nos. AVU-E-17-09 and AVU-G-17-05

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Workshop scheduled for Avista/Hydro One merger

BOISE (April 11, 2018) – Staff from the Idaho Public Utilities Commission has scheduled a public workshop regarding the proposed merger of Avista Utilities and Canada-based Hydro One Limited.

The workshop is set for April 18 at 6 pm at the Midtown Meeting Center, 1505 N. 5th St. in Coeur D’Alene.

The workshop agenda consists of a presentation by Commission staff explaining the Commission’s role when a regulated utility such as Avista asks for Commission approval to merge with another company.

No oral testimony will be taken at the meeting – that will occur at a series of public hearings that have not yet been scheduled – but Commission staff will answer questions from attendees.

The workshop will also provide an opportunity to submit written testimony, although written testimony can be submitted at any time via the Commission’s web site or by traditional mail.

Representatives from Avista are expected to attend the workshop but will not make a formal presentation.

Avista and Hydro One filed a joint application in September 2017 requesting Commission approval for the companies’ proposed merger.

That proposal called for Avista to become a wholly-owned subsidiary of Hydro One, the largest electric utility in the province of Ontario.

The companies asked for the Commission to make a decision by mid-August 2018.

If approved, Avista would keep its name and continue to operate as a “standalone utility” with its existing employees and management team, while maintaining its headquarters in Spokane.

The Commission is one of several regulatory entities that must approve the transaction, which would create one of the largest regulated utilities in North America, with more than \$25.4 billion in assets.

Avista currently provides electric service to approximately 378,000 customers and natural gas service to 342,000 customers. Approximately 130,000 electric customers and 82,000 natural gas customers are in Idaho.

Hydro One provides electric service to more than 1.3 million customers.

Receiving service from a larger utility would allow Avista customers to “receive the benefits of scale ... while also avoiding the risk of a potential subsequent acquisition by another party that may not share Avista’s culture and values,” the companies’ application said.

For customers, the cost savings associated with the merger would be “immediate,” according to the application.

A rate credit of \$31.5 million to be distributed over a 10-year period has been proposed, representing the “floor” of customer benefits created by the merger, the application said.

Expenses will be reduced in a number of ways if the merger is approved, the filing states; the company’s purchasing power would increase, while legal and accounting costs would decrease along with expenses associated with technology, innovation and research and development.

The Commission will analyze the proposed transaction in order to determine whether it is in the interest of the state’s residents.

Idaho Code specifies that an electric utility may transfer property only if the Commission finds that:

- Rates will not increase.
- The buyer has the intent and ability to operate the property.
- The transaction is consistent with the public interest.

Avista and Hydro One bear the burden of demonstrating that those standards are met.

Other entities that must approve the merger include regulatory agencies in Washington state, Oregon, Montana and Alaska.

The Federal Energy Regulatory Commission granted its approval in January, but the merger also must be authorized by the Committee on Foreign Investment in the United States, an inter-agency governmental board charged with reviewing the national security implications of foreign investments in US companies.

The merger also must comply with the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

The joint application and other documents related to the case can be found at the Commission web site, www.puc.idaho.gov. Under the “Electric” heading, click on “Open Cases” and scroll down to Case No. AVU-E-17-09. The information can also be found under the “Natural Gas” heading. From there, click on “Open Cases” and scroll down to Case No. AVU-G-17-05. Or go [here](#).

Comments on the proposal can also be submitted via the web site. Under the “Electric” or “Natural Gas” heading, click on “Case Comment Form” and enter your comment. Be sure to include the case

number, AVU-E-17-09 or AVU-G-17-05. Comments can also be mailed to the Idaho Public Utilities Commission, P.O. Box 83720, Boise, ID 83720-0074.