

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: BRANDON KARPEN
DEPUTY ATTORNEY GENERAL

DATE: SEPTEMBER 11, 2018

SUBJECT: JOINT APPLICATION OF HYDRO ONE LIMITED AND AVISTA CORPORATION FOR APPROVAL OF MERGER AGREEMENT;
CASE NOS. AVU-E-17-09 AND AVU-G-17-05

On September 14, 2017, Hydro One and Avista (“Applicants”) jointly applied for Commission approval of a merger between the two Companies. Applicants also sought approval from utility regulators in Washington, Oregon, Alaska, and Montana. Assuming approval in the other states, this Commission's approval would result in Avista becoming a wholly owned subsidiary of a Hydro One holding company. The following parties intervened in this case: Idaho Forest Group, Clearwater Paper, Idaho Conservation League, the Community Action Partnership Association of Idaho, the Washington and Northern Idaho District Council of Laborers, an unincorporated nonprofit called Avista Customer Group (ACG), and the Idaho Department of Water Resources (IDWR).

On April 13, 2018, the Applicants and Commission Staff filed a Motion for Approval of settlement stipulation to approve the proposed merger. The Motion notified the Commission that all parties (except for ACG and IDWR, which had not yet intervened in the case) had signed a settlement Stipulation to fully resolve the case. As part of its review process, the Commission issued notice of the proposed settlement and set deadlines for interested persons to submit written comments. The Commission also held public hearings in Moscow, Sandpoint, and Coeur d'Alene for Avista's customers and other interested persons to testify. The Commission also scheduled a July 23, 2018, technical hearing for the parties to specifically address the concerns and issues raised in public comments and testimony.

In mid-July, the Hydro One CEO and board of directors resigned—apparently removed by the company's largest shareholder, the province of Ontario, Canada. The management change and the post-settlement intervention of ACG and IDWR led the Commission to vacate the technical hearing. Order No. 34111. On August 31, 2018, the Commission directed the parties to meet and confer to develop a proposed case processing schedule. On September 10, 2018, the parties met and agreed to a proposed case processing schedule.

STAFF RECOMMENDATION

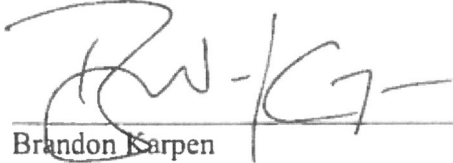
Staff can now report that the parties developed a proposed schedule to process the remainder of the case. The parties request the Commission to approve the following:

1. Applicants' Deadline for Supplemental Testimony: September 24, 2018;
2. Settlement Conference: October 16, 2018, at 09:00 MDT;
3. Staff and Intervenor Testimony: November 1, 2018;
4. Company Rebuttal Testimony: November 14, 2018;
5. Technical Hearing: November 26, 2018; and

Additionally, the parties request that the Commission allow for written closing arguments within 24 hours of the end of the technical hearing, but no later than noon on November 28, 2018, unless all parties agree to, or the Commission orders, oral closing arguments. Finally, Applicants request that the Commission issue a final order in this matter by December 14, 2018, in order to parallel with other state jurisdictions, and enable the merger to close by the end of the year.

COMMISSION DECISION

Does the Commission wish to issue an order adopting the proposed case processing schedule as described in the Staff recommendation?



Brandon Carpen
Deputy Attorney General