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June 5, 2018

Diane Hanian, Secretary
Idaho Public Utilities Commission
Statehouse Mail
W. 472 Washington Street
Boise, Idaho 83720

RECEIVED
2018 JUN -5 PM 2:34
IDAHO PUBLIC
UTILITIES COMMISSION

RE: AVU-E-17-09/AVU-G-17-05 Final Order in the Alaska Merger Proceedings

Dear Ms. Hanian:

Please find attached an electronic copy of the Final Order in the Hydro One/Avista Merger docket in Alaska (Docket No. U-17-097).

Sincerely,

/s/ Paul Kimball

Paul Kimball
Regulatory Analyst

Enclosure

Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501
(907) 276-6222; TTY (907) 276-4533

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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners: Stephen McAlpine, Chairman
Paul F. Lisankie
Robert M. Pickett
Antony Scott
Janis W. Wilson

In the Matter of the Joint Application Filed by Hydro)
One Limited and Avista Corporation for Authority) U-17-097
for Hydro One Limited to Acquire a Controlling)
Interest in ALASKA ELECTRIC LIGHT & POWER) ORDER NO. 9
COMPANY)

**ORDER APPROVING JOINT APPLICATION SUBJECT TO CONDITION,
REQUIRING FILING, AND REDESIGNATING COMMISSION PANEL**

BY THE COMMISSION:

Summary

We approve the joint application filed by Hydro One Limited (Hydro One) and Avista Corporation (Avista) for Hydro One to acquire an indirect controlling interest in Alaska Electric Light & Power Company (AEL&P), subject to condition. We require the parties to notify us when Hydro One's acquisition of Avista closes or if the acquisition is terminated. The chairman redesignates the commission panel.

Background

AEL&P provides electric utility service within the City and Borough of Juneau (CBJ) under Certificate of Public Convenience and Necessity No. 1. AEL&P is a

1 wholly owned subsidiary of Alaska Energy and Resources Company (AERC), which is a
2 wholly owned subsidiary of Avista.¹

3 Hydro One and Avista filed a joint application for Hydro One to acquire an
4 indirect controlling interest in AEL&P through acquisition of Avista.² We issued public
5 notice of the Application, with comments due December 21, 2017. We received over 100
6 comments in response to the Application. Hydro One and Avista filed replies to these
7 comments.³ We scheduled a consumer input conference in Juneau on the Application
8 and addressed the scope of this proceeding.⁴ More than 100 people attended our Juneau
9 consumer input conference, where we received oral comments from 23 persons and
10 replies from Hydro One and Avista.⁵ We received an additional 30 comments after the
11 conference.

12 The CBJ filed a petition to intervene as a party in this proceeding, which we
13 granted.⁶ Hydro One, Avista, and the CBJ filed a stipulation resolving all disputed issues
14 between the parties.⁷ We accepted the Stipulation in part.⁸

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17 *Controlling Interest in Alaska Electric Light and Power Company*, dated May 30, 2014
(Order U-13-197(2)).

18 ²*Joint Application for Authorization to Acquire a Controlling Interest in Alaska*
19 *Electric Light and Power Company*, filed November 21, 2017 (Application).

20 ³*Applicants' Joint Reply to Comments*, filed December 11, 2017; *Applicants' Joint*
21 *Reply to Comments*, filed February 6, 2018.

22 ⁴Order U-17-097(2), *Order Scheduling Public Conference, Addressing Scope of*
23 *Proceeding, and Redesignating Commission Panel*, dated February 9, 2018.

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26 *Intervene, Scheduling Prehearing Conference, and Establishing Deadline for Filing*
Petitions to Intervene, dated March 9, 2018, at 3-5 (Order U-17-097(3)).

⁷*Stipulation Resolving Disputed Issues*, filed April 3, 2018 (Stipulation).

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Discussion

Commission Panel

The chairman redesignates the commission panel for this docket. The chairman designates Commissioners Paul F. Lisankie, Stephen McAlpine, Robert M. Pickett, Antony Scott, and Janis W. Wilson as the commission panel. Commissioner McAlpine remains the commission docket manager.

Acquisition of a Controlling Interest

Standard of Review

We recently reiterated our standard for approving the acquisition of a controlling interest in a certificated public utility. We stated that in the case of an acquisition, there is a rebuttable presumption that a public utility successfully providing service before the acquisition is fit, willing, and able to provide service and the service is required for the public convenience and necessity.⁹ In light of this rebuttable presumption, we then explained our regulatory standard:¹⁰

In evaluating an application to acquire a controlling interest, [] we must determine only whether the public utility, after the acquisition, will remain fit, willing, and able to provide the utility service authorized by the certificate. When determining whether a public utility remains fit, willing, and able, we examine managerial, technical, and financial fitness. Finally, in deciding whether to approve the acquisition of a controlling interest in a public utility holding a certificate, we consider whether the proposed acquisition is consistent with the public interest.

⁹Order U-17-032(2)/ U-17-033(2)/ U-17-034(2)/ U-17-035(2)/ U-17-036(2)/ U-17-082(2), *Order Granting Applications, Granting Motion for Expedited Consideration, and Closing Dockets*, dated November 7, 2017, at 8-9.

¹⁰*Id.* at 9.

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Fit, Willing, and Able

Managerial and Technical Fitness

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Avista is a regulated public utility providing electric utility service to approximately 378,000 customers and natural gas utility service to approximately 342,000 customers in Idaho, Montana, Oregon, and Washington. Avista owns 1,925 MW of hydroelectric and thermal generation capacity, approximately 2,219 miles of high-voltage transmission lines, and approximately 18,300 miles of electric distribution lines.¹⁵

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¹³2017 AEL&P Annual Report at 402-403, 406, 410, 422.

¹⁴Order U-97-245(1), *Order Approving Power Sales Agreement, Subject to Conditions; Approving Application and Related Hatchery Electric Service Agreement, Subject to Conditions; and Requiring Filing*, dated June 24, 1998 (approving power sales agreement); Letter Order L9800671, dated November 2, 1998 (including a copy of the executed power sales agreement).

¹⁵Application at 16-17.

1 Hydro One is a regulated public utility founded in 1906. It is currently
2 providing distribution and transmission electric services to 1.3 million customers in
3 Ontario, Canada. Hydro One has approximately 5,400 employees and annual revenue
4 of more than \$6.5 billion (Canadian). Hydro One operates approximately 19,000 miles of
5 high-voltage transmission lines and 77,000 miles of electric distribution lines.¹⁶ Hydro
6 One's officers and executives have considerable business and utility expertise.¹⁷

7 We approved the application of Avista to acquire a controlling interest in
8 AEL&P in 2014.¹⁸ We have received no complaints about the electric utility service
9 provided by AEL&P in the four years that Avista has been AEL&P's ultimate parent.
10 Hydro One asserts that if its acquisition of Avista is approved, it will retain Avista's
11 management team and employees, subject to voluntary retirements.¹⁹ Hydro One further
12 asserts that its acquisition of Avista will result in no changes to AEL&P's management
13 team, employees, operations, or facilities.²⁰

14 Hydro One is a substantially larger transmission and distribution utility than
15 AEL&P. Hydro One does not have electric generation experience, but will be retaining
16 the experienced Avista management team, which owns and operates a substantially
17 greater amount of generation resources than is owned and operated by AEL&P. We find
18 that with the retention of AEL&P's and Avista's experienced management teams and
19 employees, and the addition of Hydro One's management team, AEL&P will remain
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22 ¹⁶Application at 2, 6-14.

23 ¹⁷Application, Exhibit 3 at 3-5.

24 ¹⁸Order U-13-197(2).

25 ¹⁹Application at 22, 23; Exhibit 9 at 1.

26 ²⁰Application at 3.

1 managerially and technically fit to provide electric utility service in the CBJ if Hydro One's
2 acquisition of Avista is approved.

3 Financial Fitness

4 We review financial indicators such as the current ratio,²¹ quick ratio,²² debt-
5 equity ratio,²³ and debt ratio²⁴ to determine if an applicant is financially fit to provide public
6 utility service. The Application includes financial records for AEL&P for the first two full
7 years under Avista ownership, 2015 and 2016.²⁵ These records indicate that AEL&P's
8 current ratio was 2.21 in 2015 and 1.43 in 2016; AEL&P's quick ratio was 1.76 in 2015
9 and 1.14 in 2016; AEL&P's debt-to-equity ratio was 1.52 in 2015 and 1.46 in 2016; and
10 AEL&P's debt ratio was .60 in 2015 and .59 in 2016. These ratios indicate that AEL&P
11 has maintained financial fitness under Avista's ownership. Hydro One states that its

12 _____
13 ²¹The current ratio attempts to predict a company's ability to meet its short-term
14 (i.e., one year or less) debt obligations from presently available or liquid assets, is a
15 general indicator of financial health. The current ratio measures current assets against
16 current liabilities. Generally, the higher the ratio, the better, but anything above a ratio of
17 "1" indicates the ability to pay short-term debt obligations when due.

18 ²²The quick ratio is a more conservative measure of liquidity and focuses on the
19 ability to pay obligations with highly liquid assets (i.e., cash, accounts receivable, and
20 short-term investments), without relying on the sale of inventory. Quick assets are highly
21 liquid, meaning those immediately convertible to cash. The quick ratio is calculated by
22 dividing cash and accounts receivable (plus any other quick assets) by current liabilities.
23 A favorable quick ratio is greater than 1.0.

24 ²³The debt-to-equity ratio indicates what proportion of equity and debt a company
25 is using to finance its assets. A debt-equity ratio of greater than one indicates that a
26 company has more debt than equity; meanwhile, a debt ratio of less than one indicates
that a company has more equity than debt. Used in conjunction with other measures of
financial health, the debt-to-equity ratio can help an investor determine a company's level
of risk.

²⁴The debt ratio is used to assess the degree to which a company is leveraged by
comparing total liabilities against total assets—the higher the ratio, the greater the risk of
bankruptcy.

²⁵Application at Exhibit 6.

1 acquisition of Avista will not affect any of these ratios or any other aspect of AEL&P's
2 financial performance or health.²⁶

3 Hydro One was reorganized from a Crown corporation²⁷ to a private
4 corporation beginning in 2015 and continuing through 2017, with the Province of Ontario
5 retaining a substantial ownership interest.²⁸ This transition results in financial records
6 that do not necessarily provide an accurate statement of Hydro One's financial health,
7 particularly with regard to equity measures. Hydro One's consolidated financial statement
8 indicates net income of \$721 million (Canadian) in 2016 and \$690 million (Canadian) in
9 2015.²⁹ Hydro One's financial health may be more accurately reflected in its long-term
10 credit ratings of 'A' (Stable) by Standard and Poor's, 'A3' (Stable) by Moody's, and A
11 (High) by DBRS (originally known as Dominion Bond Rating).³⁰ These earnings and
12 strong credit ratings indicate that Hydro One has access to funds for capital expenditures
13 from internal cash flows and debt on reasonable terms.

14 Based on our review of the financial documents provided, we find that
15 AEL&P is financially fit to provide electric utility service in the CBJ and that Hydro One is
16 financially fit to maintain AEL&P's fitness.

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20 ²⁶Application at 40, Exhibit 6.

21 ²⁷In Canada, a Crown corporation is a business entity that operates as if it were
22 private, though it is entirely owned by the federal or a provincial government with directors
23 appointed by the government. See, the *Financial Administration Act*, R.S.C., 1985, c. F-
11 at Section 83.

24 ²⁸Application at 7-9.

25 ²⁹Application, Exhibit 4 at 16.

26 ³⁰Application at 14.

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Public Interest

Hydro One and Avista maintain that the proposed acquisition of Avista by Hydro One is consistent with the public interest because it will add a second large, experienced electric utility company into AEL&P's upstream ownership structure without altering AEL&P's local management and operations.³¹ Hydro One and Avista state that Avista and AEL&P will maintain the affiliated interest cost assignment and allocation methodology we reviewed in Docket U-13-197.³² Hydro One and Avista assert that, over time, Hydro One's acquisition of Avista will benefit AEL&P customers through increased opportunities for innovation, research and development, and efficiencies by extending the use of technology, best practices, and business processes over a broader customer base and set of infrastructure.³³

We received over 150 public comments in response to the Application, most of which opposed Hydro One's acquisition of an indirect controlling interest in AEL&P. We granted the CBJ party status in this docket based in part on the CBJ's representation that it was uniquely qualified to represent community interests in this proceeding.³⁴ Hydro One, Avista, and the CBJ filed the Stipulation resolving all disputed issues between them.³⁵ We accepted the Stipulation in part.³⁶ We consider our acceptance of the Stipulation as resolving the local concerns expressed in the comments received in this docket.

³¹Application at 3, 40.
³²Application at 41.
³³Application at 41-42.
³⁴Order U-17-097(3) at 4-5.
³⁵Stipulation.
³⁶Order U-17-097(8).

1 We find that Hydro One's proposed acquisition of an indirect controlling
2 interest in AEL&P is consistent with the public interest, subject to the condition that Hydro
3 One and Avista fulfill the commitments made in Docket U-13-197 and this proceeding.³⁷
4 Specifically, our approval of Hydro One's acquisition of an indirect controlling interest in
5 AEL&P is subject to the condition that Hydro One and Avista adhere to the following
6 commitments:

- 7 1. AEL&P's capital structure will be maintained at approximately the 54%
8 equity and 46% debt levels approved in Order U-10-029(15).³⁸
- 9 2. There will be no recovery through AEL&P's rates of the transaction costs
10 or premium associated with Avista's acquisition of AERC and AEL&P or
11 Hydro One's acquisition of Avista.³⁹
- 12 3. Costs related to Avista services to AEL&P and costs related to AEL&P
13 services to Avista will be directly assigned and subject to review until such
14 time as a cost allocation between the two utilities has been approved by
15 us.⁴⁰
- 16 4. AEL&P will continue to operate relatively independently from Avista, under
17 the same experienced management team and employees as existed prior
18 to Hydro One's acquisition of Avista.⁴¹
- 19 5. All of the commitments listed in the *Hydro One/Avista List of Commitments*
20 attached as Exhibit 1 to the Stipulation.

21 A failure to fulfill these commitments may result in a show cause proceeding under
22 AS 42.05.271(5).

23 ³⁷AS 42.05.241.

24 ³⁸*Application for Approval of Acquisition of Controlling Interest in Alaska Electric
25 Light and Power Company*, filed December 4, 2013, in Docket U-13-197 (2013 Avista
26 Application), at 7-8.

³⁹2013 Avista Application at 8; Application at 26.

⁴⁰2013 Avista Application at 8; Application at 27.

⁴¹Application at 26.

1 In contrast to these commitments, we view the commitments made in
2 Part II.C and D of the Stipulation to be a part of a private agreement between Hydro One,
3 Avista, and the CBJ that are not enforceable by us.

4 Decision

5 We find that AEL&P is fit, willing, and able to provide public electric utility
6 service in the CBJ and that such service continues to be required by the public
7 convenience and necessity. We find that if Hydro One's proposed acquisition of AEL&P's
8 parent, Avista, is approved, AEL&P will remain fit, willing, and able to provide public
9 electric utility service in the CBJ. We further find that with the commitments made by
10 Hydro One and Avista, Hydro One's acquisition of Avista is consistent with the public
11 interest. Subject to the condition discussed above, we approve the Application.

12 Required Filing

13 We require Hydro One to file notice that it has acquired Avista within ten
14 days of the Closing Date defined in Section 1.2 of the *Agreement and Plan of Merger*
15 *Dated as July 19, 2017, by and Among Hydro One Limited, Olympus Holding Corp.,*
16 *Olympus Corp. and Avista Corporation.*⁴² In the alternative, we require Avista to file notice
17 that its acquisition by Hydro One has been terminated under Section 7.1 of the *Agreement*
18 *and Plan of Merger Dated as July 19, 2017, by and Among Hydro One Limited, Olympus*
19 *Holding Corp., Olympus Corp. and Avista Corporation* within ten days of the effective date
20 of such termination.⁴³

21 Final Order

22 This order constitutes the final decision in this proceeding. This decision
23 may be appealed within thirty days of this order in accordance with AS 22.10.020(d) and
24

25 ⁴²Application, Exhibit 2 at 6.

26 ⁴³Application, Exhibit 2 at 44-46.

1 Alaska Rule of Appellate Procedure 602(a)(2). In addition to the appellate rights afforded
2 by AS 22.10.020(d), a party has the right to file a petition for reconsideration in
3 accordance with 3 AAC 48.105. If such a petition is filed, the time period for filing an
4 appeal is tolled and then recalculated in accordance with Alaska Rule of Appellate
5 Procedure 602(a)(2).

6 **ORDER**

7 THE COMMISSION FURTHER ORDERS:

8 1. The *Joint Application for Authorization to Acquire a Controlling Interest*
9 *in Alaska Electric Light and Power Company*, filed by Hydro One Limited, Olympus Equity
10 LLC, and Avista Corporation on November 21, 2017, is granted, subject to the condition
11 that Hydro One Limited and Avista Corporation adhere to the commitments specified in
12 the body of this order.

13 2. Hydro One Limited shall file notice that it has acquired Avista Corporation
14 within ten days of the closing date of that acquisition, or Avista Corporation shall file notice
15 that the proposed acquisition by Hydro One Limited has been terminated within ten days
16 of the effective date of such termination.

17 3. Commissioners Paul F. Lisankie, Stephen McAlpine, Robert M. Pickett,
18 Antony Scott, and Janis W. Wilson are designated as the commission panel.

19 DATED AND EFFECTIVE at Anchorage, Alaska, this 4th day of June, 2018.

20 BY DIRECTION OF THE COMMISSION



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Background

AEL&P provides electric utility service within the City and Borough of Juneau (CBJ) under Certificate of Public Convenience and Necessity No. 1. AEL&P is a

1 wholly owned subsidiary of Alaska Energy and Resources Company (AERC), which is a
2 wholly owned subsidiary of Avista.¹

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6 utility service. The Application includes financial records for AEL&P for the first two full
7 years under Avista ownership, 2015 and 2016.²⁵ These records indicate that AEL&P's
8 current ratio was 2.21 in 2015 and 1.43 in 2016; AEL&P's quick ratio was 1.76 in 2015
9 and 1.14 in 2016; AEL&P's debt-to-equity ratio was 1.52 in 2015 and 1.46 in 2016; and
10 AEL&P's debt ratio was .60 in 2015 and .59 in 2016. These ratios indicate that AEL&P
11 has maintained financial fitness under Avista's ownership. Hydro One states that its

12 _____
13 ²¹The current ratio attempts to predict a company's ability to meet its short-term
14 (i.e., one year or less) debt obligations from presently available or liquid assets, is a
15 general indicator of financial health. The current ratio measures current assets against
16 current liabilities. Generally, the higher the ratio, the better, but anything above a ratio of
17 "1" indicates the ability to pay short-term debt obligations when due.

18 ²²The quick ratio is a more conservative measure of liquidity and focuses on the
19 ability to pay obligations with highly liquid assets (i.e., cash, accounts receivable, and
20 short-term investments), without relying on the sale of inventory. Quick assets are highly
21 liquid, meaning those immediately convertible to cash. The quick ratio is calculated by
22 dividing cash and accounts receivable (plus any other quick assets) by current liabilities.
23 A favorable quick ratio is greater than 1.0.

24 ²³The debt-to-equity ratio indicates what proportion of equity and debt a company
25 is using to finance its assets. A debt-equity ratio of greater than one indicates that a
26 company has more debt than equity; meanwhile, a debt ratio of less than one indicates
that a company has more equity than debt. Used in conjunction with other measures of
financial health, the debt-to-equity ratio can help an investor determine a company's level
of risk.

²⁴The debt ratio is used to assess the degree to which a company is leveraged by
comparing total liabilities against total assets—the higher the ratio, the greater the risk of
bankruptcy.

²⁵Application at Exhibit 6.

1 acquisition of Avista will not affect any of these ratios or any other aspect of AEL&P's
2 financial performance or health.²⁶

3 Hydro One was reorganized from a Crown corporation²⁷ to a private
4 corporation beginning in 2015 and continuing through 2017, with the Province of Ontario
5 retaining a substantial ownership interest.²⁸ This transition results in financial records
6 that do not necessarily provide an accurate statement of Hydro One's financial health,
7 particularly with regard to equity measures. Hydro One's consolidated financial statement
8 indicates net income of \$721 million (Canadian) in 2016 and \$690 million (Canadian) in
9 2015.²⁹ Hydro One's financial health may be more accurately reflected in its long-term
10 credit ratings of 'A' (Stable) by Standard and Poor's, 'A3' (Stable) by Moody's, and A
11 (High) by DBRS (originally known as Dominion Bond Rating).³⁰ These earnings and
12 strong credit ratings indicate that Hydro One has access to funds for capital expenditures
13 from internal cash flows and debt on reasonable terms.

14 Based on our review of the financial documents provided, we find that
15 AEL&P is financially fit to provide electric utility service in the CBJ and that Hydro One is
16 financially fit to maintain AEL&P's fitness.

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20 ²⁶Application at 40, Exhibit 6.

21 ²⁷In Canada, a Crown corporation is a business entity that operates as if it were
22 private, though it is entirely owned by the federal or a provincial government with directors
23 appointed by the government. See, the *Financial Administration Act*, R.S.C., 1985, c. F-
11 at Section 83.

24 ²⁸Application at 7-9.

25 ²⁹Application, Exhibit 4 at 16.

26 ³⁰Application at 14.

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Public Interest

Hydro One and Avista maintain that the proposed acquisition of Avista by Hydro One is consistent with the public interest because it will add a second large, experienced electric utility company into AEL&P's upstream ownership structure without altering AEL&P's local management and operations.³¹ Hydro One and Avista state that Avista and AEL&P will maintain the affiliated interest cost assignment and allocation methodology we reviewed in Docket U-13-197.³² Hydro One and Avista assert that, over time, Hydro One's acquisition of Avista will benefit AEL&P customers through increased opportunities for innovation, research and development, and efficiencies by extending the use of technology, best practices, and business processes over a broader customer base and set of infrastructure.³³

We received over 150 public comments in response to the Application, most of which opposed Hydro One's acquisition of an indirect controlling interest in AEL&P. We granted the CBJ party status in this docket based in part on the CBJ's representation that it was uniquely qualified to represent community interests in this proceeding.³⁴ Hydro One, Avista, and the CBJ filed the Stipulation resolving all disputed issues between them.³⁵ We accepted the Stipulation in part.³⁶ We consider our acceptance of the Stipulation as resolving the local concerns expressed in the comments received in this docket.

³¹Application at 3, 40.

³²Application at 41.

³³Application at 41-42.

³⁴Order U-17-097(3) at 4-5.

³⁵Stipulation.

³⁶Order U-17-097(8).

1 We find that Hydro One's proposed acquisition of an indirect controlling
2 interest in AEL&P is consistent with the public interest, subject to the condition that Hydro
3 One and Avista fulfill the commitments made in Docket U-13-197 and this proceeding.³⁷
4 Specifically, our approval of Hydro One's acquisition of an indirect controlling interest in
5 AEL&P is subject to the condition that Hydro One and Avista adhere to the following
6 commitments:

- 7 1. AEL&P's capital structure will be maintained at approximately the 54%
8 equity and 46% debt levels approved in Order U-10-029(15).³⁸
- 9 2. There will be no recovery through AEL&P's rates of the transaction costs
10 or premium associated with Avista's acquisition of AERC and AEL&P or
11 Hydro One's acquisition of Avista.³⁹
- 12 3. Costs related to Avista services to AEL&P and costs related to AEL&P
13 services to Avista will be directly assigned and subject to review until such
14 time as a cost allocation between the two utilities has been approved by
15 us.⁴⁰
- 16 4. AEL&P will continue to operate relatively independently from Avista, under
17 the same experienced management team and employees as existed prior
18 to Hydro One's acquisition of Avista.⁴¹
- 19 5. All of the commitments listed in the *Hydro One/Avista List of Commitments*
20 attached as Exhibit 1 to the Stipulation.

21 A failure to fulfill these commitments may result in a show cause proceeding under
22 AS 42.05.271(5).
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25 ³⁷AS 42.05.241.

26 ³⁸*Application for Approval of Acquisition of Controlling Interest in Alaska Electric
Light and Power Company*, filed December 4, 2013, in Docket U-13-197 (2013 Avista
Application), at 7-8.

³⁹2013 Avista Application at 8; Application at 26.

⁴⁰2013 Avista Application at 8; Application at 27.

⁴¹Application at 26.

1 In contrast to these commitments, we view the commitments made in
2 Part II.C and D of the Stipulation to be a part of a private agreement between Hydro One,
3 Avista, and the CBJ that are not enforceable by us.

4 Decision

5 We find that AEL&P is fit, willing, and able to provide public electric utility
6 service in the CBJ and that such service continues to be required by the public
7 convenience and necessity. We find that if Hydro One's proposed acquisition of AEL&P's
8 parent, Avista, is approved, AEL&P will remain fit, willing, and able to provide public
9 electric utility service in the CBJ. We further find that with the commitments made by
10 Hydro One and Avista, Hydro One's acquisition of Avista is consistent with the public
11 interest. Subject to the condition discussed above, we approve the Application.

12 Required Filing

13 We require Hydro One to file notice that it has acquired Avista within ten
14 days of the Closing Date defined in Section 1.2 of the *Agreement and Plan of Merger*
15 *Dated as July 19, 2017, by and Among Hydro One Limited, Olympus Holding Corp.,*
16 *Olympus Corp. and Avista Corporation.*⁴² In the alternative, we require Avista to file notice
17 that its acquisition by Hydro One has been terminated under Section 7.1 of the *Agreement*
18 *and Plan of Merger Dated as July 19, 2017, by and Among Hydro One Limited, Olympus*
19 *Holding Corp., Olympus Corp. and Avista Corporation* within ten days of the effective date
20 of such termination.⁴³

21 Final Order

22 This order constitutes the final decision in this proceeding. This decision
23 may be appealed within thirty days of this order in accordance with AS 22.10.020(d) and
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25 ⁴²Application, Exhibit 2 at 6.

26 ⁴³Application, Exhibit 2 at 44-46.

1 Alaska Rule of Appellate Procedure 602(a)(2). In addition to the appellate rights afforded
2 by AS 22.10.020(d), a party has the right to file a petition for reconsideration in
3 accordance with 3 AAC 48.105. If such a petition is filed, the time period for filing an
4 appeal is tolled and then recalculated in accordance with Alaska Rule of Appellate
5 Procedure 602(a)(2).

6 **ORDER**

7 THE COMMISSION FURTHER ORDERS:

8 1. The *Joint Application for Authorization to Acquire a Controlling Interest*
9 *in Alaska Electric Light and Power Company*, filed by Hydro One Limited, Olympus Equity
10 LLC, and Avista Corporation on November 21, 2017, is granted, subject to the condition
11 that Hydro One Limited and Avista Corporation adhere to the commitments specified in
12 the body of this order.

13 2. Hydro One Limited shall file notice that it has acquired Avista Corporation
14 within ten days of the closing date of that acquisition, or Avista Corporation shall file notice
15 that the proposed acquisition by Hydro One Limited has been terminated within ten days
16 of the effective date of such termination.

17 3. Commissioners Paul F. Lisankie, Stephen McAlpine, Robert M. Pickett,
18 Antony Scott, and Janis W. Wilson are designated as the commission panel.

19 DATED AND EFFECTIVE at Anchorage, Alaska, this 4th day of June, 2018.

20 BY DIRECTION OF THE COMMISSION

