

## DECISION MEMORANDUM

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

**FROM: BRANDON KARPEN  
DEPUTY ATTORNEY GENERAL**

**DATE: JUNE 20, 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 July 19, 2017, Avista announced that it had entered into a merger agreement with Hydro One (“Applicants”). On September 14, 2017, the Applicants filed the above captioned joint application for approval of the merger. Approval of the Application would result in Avista becoming a wholly owned subsidiary of a Hydro One holding company. Idaho Forest Group, Clearwater Paper, Idaho Conservation League (ICL), the Community Action Partnership Association of Idaho (CAPAI), and the Washington and Northern Idaho District Council of Laborers (WNIDCL) intervened as parties.

After multiple settlement discussions, on April 13, 2018, the Applicants filed a Motion for Approval of Stipulation notifying the Commission that all parties had reached a full settlement, and requested that the settlement be processed by modified procedure. The Commission granted that request, and issued notice of proposed settlement and set comment deadlines.

On June 12-14, 2018, the Commission conducted well-attended public hearings in Moscow, Sandpoint, and Coeur d’Alene. Additionally, to date, the Commission has received approximately 370 public comments on the merger. The issues raised in those comments and at the hearings include, but are not limited to, concerns regarding the Canadian location of Hydro One, the Golden Share ring fencing provision, jurisdiction of this Commission after the merger closes, ownership of Avista assets, the imposition of Canadian regulations in Idaho, the rate

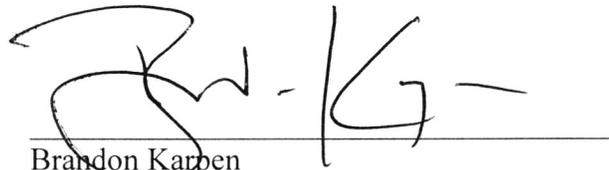
impact of the merger, Avista ratepayer obligations related to Hydro One debt, and the effect the merger will have on American waterways.

**STAFF RECOMMENDATION**

Due to the remarkable public interest in the proposed merger, Staff recommends that the Commission hold a technical hearing to address the concerns and issues raised by the public. Staff recommends that the Commission convene a technical hearing at the Commission offices on Monday, July 23, 2018, at 9:30 AM (MDT). Staff further recommends that the Commission direct the Company, and intervenors, if necessary, to prepare to present live direct testimony at the technical hearing.

**COMMISSION DECISION**

Does the Commission wish to issue notice of the technical hearing as described in the Staff recommendation?

A handwritten signature in black ink, appearing to read 'BK-KG', is written over a horizontal line.

Brandon Karpen  
Deputy Attorney General