

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA'S REQUEST)	
FOR AUTHORIZATION TO ISSUE)	CASE NO. AVU-U-18-01
COMMON STOCK)	
)	
)	ORDER NO. 34206
)	

On November 9, 2018, Avista Corporation applied to the Commission for an Order authorizing the Company to issue shares of its common stock if and when the merger between Avista and Hydro One, currently before the Commission in Case Nos. AVU-E-17-09 and AVU-G-17-05, is approved.

THE APPLICATION

The Company is engaged in the generation, purchase, transmission, distribution, and sale of electricity and natural gas in northern Idaho and parts of Oregon, Washington, and Montana. With this Application, the Company seeks authority to issue 10,000,000 shares of common stock, contingent upon the approval of the Company's proposed merger with Hydro One in Case Nos. AVU-E-17-09 and AVU-G-17-05. If the merger is approved, Avista will issue the shares to a US-based holding company owned by Hydro One.

STAFF REVIEW AND RECOMMENDATION

Commission Staff reviewed the Application and recommended the Commission approve the request, contingent upon approval of the merger. Staff confirmed Avista has at least 10,000,000 authorized but unissued shares of common stock. Staff noted that the issuance of 10,000,000 shares of common stock is a requirement of the Merger Agreement between Avista and Hydro One ("Merger Agreement").

FINDINGS AND DISCUSSION

The Company is a Washington corporation that is qualified to do business in the State of Idaho. The Company is an electric corporation as defined by *Idaho Code* § 61-119, a gas corporation as defined by *Idaho Code* § 61-117, and a public utility as defined in *Idaho Code* § 61-129. The Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code, including without limitation *Idaho Code* §§ 61-501, and 61-901 through 61-909.

Based on our review of the record, we find that the Company's Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure (IDAPA 31.01.01.141-.150), and that the Company has paid all fees required by *Idaho Code* § 61-905.

We find that, if the merger in Case Nos. AVU-E-17-09 and AVU-G-17-05 is approved, the Company's proposed issuance of securities would be for lawful purposes under *Idaho Code* § 61-901, within the Company's corporate powers, in the public interest, and that a formal hearing on this matter would not be required. We find it reasonable to grant the Company's Application pending approval of the merger in Case Nos. AVU-E-17-09 and AVU-G-17-05. Such contingent approval will enable the Company to complete conditions of its merger as stated in Article II, Section 2.1(a) of the Merger Agreement, should the merger be approved.

Our contingent approval of the issuance in no way affects our decision in Case Nos. AVU-E-17-09 and AVU-G-17-05. Further, this Order does not constitute agency determination or approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination in this case and therefore does not determine the effect of issuance on rates to be charged by the Company for service to Idaho consumers.

ORDER

IT IS HEREBY ORDERED that the Company's Application is granted pending approval of the merger in AVU-E-17-09 and AVU-G-17-05. If the merger is approved, the Company is authorized to issue 10,000,000 shares of its common stock in accordance with the Merger Agreement.

IT IS FURTHER ORDERED that Avista shall file the following with the Commission if and when they become available:

1. The "Report of Securities Issued" required by 18 C.F.R. § 34.10; and
2. Verified copies of any agreement entered into in connection with the Company's issuance of the shares not already contained in the record of Case Nos. AVU-E-17-09 and AVU-G-17-05.

IT IS FURTHER ORDERED that unless and until the Commission approves the merger in AVU-E-17-09 and AVU-G-17-05, the Commission's approval in this Order does not take effect.

IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of the Company's exhibits or other material accompanying the Application for any purpose other than the issuance of this Order.

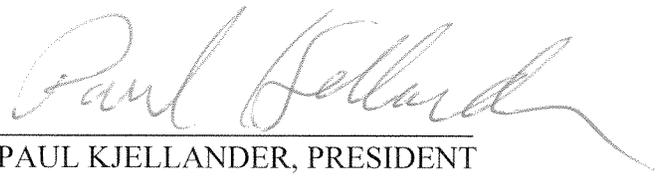
IT IS FURTHER ORDERED that nothing in this Order and no provisions of Chapter 9, Title 61, Idaho Code, or any act or deed performed in connection with this Order shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of this Order.

IT IS FURTHER ORDERED that this authorization is without prejudice to the Commission's regulatory authority regarding the merger, rates, service, accounts, valuation, estimates or determination of costs, or any other matter which may come before the Commission pursuant to its jurisdiction and authority as provided by law.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this
day of December 2018.

7th


PAUL KJELLANDER, PRESIDENT


KRISTINE RAPER, COMMISSIONER


ERIC ANDERSON, COMMISSIONER

ATTEST:


Diane M. Hanian
Commission Secretary

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