

# SPEAK UP ON AVISTA MERGER

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Avista Corp. has requested regulatory approval of its proposed \$5.3 billion merger with Toronto-based Hydro One Limited.

If the proposal, announced in July, is approved, Avista will become a wholly owned subsidiary of Hydro One, the largest electric utility in the province of Ontario.

"There will be no changes to operations," Avista Corp. Chairman, President and CEO Scott Morris said. "The only difference is we'll be owned by one shareholder — Hydro One."

Avista would keep its name and continue to operate out of its headquarters in Spokane as a "stand-alone utility" with its existing employees and management team, according to the application filed with the Idaho Public Utilities Commission, one of several regulatory entities that must approve the transaction.

Combined, the two companies would be one of the largest regulated utilities in North America, with more than \$25.4 billion in assets.

If the merger is approved, Avista would no longer be a publicly traded company.

The companies have requested IPUC approval of the merger by mid-August 2018.

Documents on the proposal are at [www.puc.idaho.gov](http://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.

Comments on the proposal can also be submitted via the website. 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.

No deadline for comments has been set, said Matt Evans, IPUC spokesman.

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 application states.

For customers, the cost savings associated to the merger would be "immediate," the application states.

A rate credit of \$31.5 million to be distributed over a 10-year period has been proposed.

"The \$31.5 million represents the 'floor' of benefits that will be flowed through to Avista's customers," the application states.

Long-term benefits include increased purchasing power and reduced costs associated with efficiencies that emerge as best practices and business processes are developed and technology shared.

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

The investor-owned company does not own any generation assets but maintains a network of nearly 18,700 miles of transmission lines and 77,000 miles of distribution lines.

Avista owns and operates eight hydropower facilities, five natural gas plants and a biomass facility. The company has ownership interests in two coal-fired plants and maintains more than 20,800 miles of transmission and distribution lines.

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

IPUC will analyze the proposed transaction to determine whether it is in the interest of the state's residents.

State law specifies that an electric utility may transfer property only if IPUC finds that:

- rates will not increase because of the transaction;

- the buyer has the intent and financial ability to operate and maintain the property in the public service.
- the transaction is consistent with the public interest.

Other entities that must approve the merger include regulatory agencies in Washington, Oregon, Montana and Alaska, as well as the Federal Energy Regulatory Commission.

The merger must comply with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and it 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 U.S. companies.

The Province of Ontario owns 49.9 percent of Hydro One's shares but "it does not hold or exercise any managerial oversight over Hydro One," the application states.