

**From:** Richard Olberding  
**To:** [Mak, Chanda \(ATG\)](#)  
**Subject:** Fwd: Avista Sale  
**Date:** Tuesday, November 07, 2017 7:08:13 PM

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Better late than never with these comments.

Begin forwarded message:

**From:** Richard Olberding <[ddolb@me.com](mailto:ddolb@me.com)>  
**Subject: Re: Avista Sale**  
**Date:** August 7, 2017 at 4:17:34 PM PDT  
**To:** Richard Olberding <[ddolb@me.com](mailto:ddolb@me.com)>  
**Cc:** ron Olberding <[rolberding@comcast.net](mailto:rolberding@comcast.net)>

On Aug 7, 2017, at 12:34 PM, Richard Olberding <[ddolb@me.com](mailto:ddolb@me.com)> wrote:

#### AVISTA SALE

Avista has been a great asset to the communities they serve. In my opinion they are a first class company. It is our purchases of their products and their operations that make this happen. Why is Avista up for sale? Is Avista solvent and making money? If they are not making lots of money then why are they paying out such large dividends? Check the dividends for the past ten years and you will see that they have continuously gone up and their stock has gone up accordingly. As the stocks and dividends continue to rise, so do the requests for rate increases. There is no competition by other companies to provide electricity and natural gas so the consumers are held hostage and have to buy from Avista.

As of August 2017 Avista is asking for a rate increase in Wn. state and a monthly surcharge in Idaho as the result of a warm winter in 2016 that resulted in a less sale of electricity and natural gas.

Why don't they reduce the dividends they and Northwest Natural Gas pay the shareholders? Instead of reducing the dividends both companies increased their dividends. Shouldn't the shareholders help absorb the risk of lower than expected earnings? I can't recall these two companies of ever lowering their dividends. Avista just asks for rate increases through the State Utilities and Transportation Commission who regulates their prices. According to the stock reports in the daily newspaper their dividends are among the highest listed in the stock report.

The plans as announced by Hydro One is to retain the name of Avista for their Spokane office. In keeping the name of Avista they probably are thinking that it will make it more palliative for the communities and customers to lose their local company. It's a matter of identity and name familiarity. Hydro One plans are to have a 9 member board of directors for

their Avista operations.

5 members to be appointed by Hydro One and 4 members by Avista with the present CEO as one of 4. Who will appoint the other 3 members? Will they have to be approved by Hydro One? The 5

to 4 assures Hydro One controlling the operations of Spokane Avista. Hydro One plans on keeping all Avista employees. It brings up the issue of salary comparison between Hydro One in

Canada and their satellite operation in Spokane. What does a lineman make per hour in Spokane and their counterpart in Canada? Could be a real problem for the unions in their contracts. They are doing the same job and the exchange rate in dollars would be a large factor to consider. Hydro One is also planning to double the amount that Avista is contributing to the communities for philanthropic works. These are all just plans that can be changed at anytime.

By going on the internet one can get an understanding of who Hydro One is, how it came into being, their reputation with their customers, what the Canadian newspapers have to say about the

Avista deal, their stock prices and dividends they are paying and a whole lot of other information of interest. A guest article in the Spokesman review on August 6, 2017 alluded to the distinct

possibility that Avista customers may have to help pay for the cleanup of the Coldstrip coal generating plant that is scheduled to shut down in the future. Will Hydro One inherit this liability if they purchase Avista?

Most recently Hydro One stock was selling for \$22.36 on the Canadian stock market and shareholders received a 28 cent dividend in May of 2017, down from 35 cents in the same period last year according to a Canadian newspaper article. The Ontario Government is reported as owning about 47 per cent of Hydro One stock.

The purchase price of Avista is reported in our local newspaper as 5.3 billion dollars. In Canadian newspapers they state the price is 4.4 billion in one paper and in another it is quoted as 6.7 billion.

In the deal Hydro One is also assuming a 1.9 billion Avista debt. The real question is how much money will Hydro have to borrow in Canadian money to pay cash for this deal? The current exchange

rate is in the range of mid to high 20 cents on the dollar. Using 25 cents as a base it would require them to borrow about 6.7 billion Canadian dollars, just what the one newspaper reported. The

Avista debt has to be paid off in U.S. dollars. Hydro One is currently paying off their own debt which they say will be paid off this year. Hydro One is currently advertising debenture bonds at

4 per cent interest in Canada.

The Bloomberg report questions the advisability of the purchase price Hydro One is paying per share for Avista stock. Their offer increased the value of Avista stock by 24 per cent. This must have

been the incentive for Avista to sell their company. The Spokesman Review projected how much some shareholders would receive for their shares. The CEO is to gain 10 million for his shares.

The top five executives would receive a combined total of 21.57 million dollars. Hydro One stock is not listed on the New York stock exchange.

The Avista customer base remains relatively static. Growth comes slowly and Hydro One must recognize this. What their growth plans are an unknown operational factor.

We the consumers will pay U.S. dollars for our electricity and natural gas. If Hydro One makes a profit in Spokane, I assume that the U.S. dollars will go to Canada where they will be worth whatever the exchange rate is and they could pay off their Canadian debt more quickly with the U.S. dollars. Will Hydro One in Spokane be banking locally?

If this deal goes through, Hydro One will then control the dams and the water level of Coeur D Alene lake and control the flow of the entire length of the Spokane river. They will also control the flow behind their dams in Montana. Will the Spokane Indian Tribe be concerned because the river runs through part of their reservation and the Little Falls dam I believe is located on their reservation. Our aquifer is partially recharged by the Spokane river.

Another question is, will Hydro One buy their equipment and supplies to operate the Spokane operations locally or will they ship them in from Canada?

If Avista is ready to sell their company then it may be an opportune time to create a Public Utilities District which is non-profit and we will be able to control our river and dams. There are about 28 PUD in Wa. State at this time. The States of Idaho and Montana will also be affected by this proposed sale of Avista.