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**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

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IN THE MATTER OF THE JOINT	)	
APPLICATION OF HYDRO ONE	)	CASE NO. AVU-E-17-09
LIMITED AND AVISTA CORPORATION	)	AVU-G-17-05
FOR APPROVAL OF MERGER	)	
AGREEMENT	)	<b>STIPULATION AND SETTLEMENT</b>

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This Settlement Stipulation and Agreement (hereinafter “Stipulation”) is entered into by and among the following parties in this case: Hydro One Limited (“Hydro One”), acting through its indirect, wholly-owned subsidiary Olympus Equity LLC, and Avista Corporation (“Avista”) (sometimes hereafter jointly referred to as “Joint Applicants” or the “Companies”), the Staff of the Idaho Public Utilities Commission (“Staff”), Clearwater Paper Corporation (“Clearwater”), Idaho Forest Group, LLC (“Idaho Forest Group”), Idaho Conservation League (“ICL”), the Community Action Partnership Association of Idaho (“CAPAI”) and the Washington and Northern Idaho District Council of Laborers (WNIDCL). These entities are collectively referred to as the “Parties,” and represent all of the parties in the above-referenced cases. The Settling

Parties understand this Stipulation is subject to approval by the Idaho Public Utilities Commission ("IPUC" or the "Commission").

## **I. INTRODUCTION**

1. The terms and conditions of this Stipulation are set forth herein. The Parties agree that this Stipulation represents a fair, just and reasonable compromise of all the issues raised in the proceeding, is in the public interest and its acceptance by the Commission represents a reasonable resolution of the multiple issues identified in this case. The Parties, therefore, recommend that the Commission, in accordance with RP 274, approve the Stipulation and all of its terms and conditions without material change or condition.

## **II. BACKGROUND**

2. On July 19, 2017, Avista announced that it had entered into a merger agreement with Hydro One. On September 14, 2017, the Joint Applicants filed the above-captioned Joint Application for approval of the merger. Approval of the Joint Application would result in Avista becoming a wholly-owned subsidiary of a Hydro One holding company. The Joint Applicants have requested approval by August 14, 2018, and have made the same request in other state jurisdictions.

3. Petitions to intervene in this proceeding were filed by Clearwater, Idaho Forest Group, Idaho Conservation League, CAPAI and the WNIDCL. The Commission granted these interventions through IPUC Order Nos. 33914, 33916 and 33932.

4. A settlement conference was noticed and held in the Commission offices on April 4, 2018, and was attended by the Parties to this case. As a compromise of positions in this case, and for other consideration as set forth below, the Parties agree to the following terms:

### **III. TERMS OF THE STIPULATION AND SETTLEMENT**

5. Overview of Settlement. The Parties agree that Exhibit A contains the complete list of Commitments that Joint Applicants collectively and individually agree to make in exchange for the support of the Parties in this proceeding (hereinafter referred to as "Commitments"). The Commitments are comprised of general Commitments applicable to all the states in which Avista's service territory extends and Idaho-specific Commitments which apply only to the activities and operations of Joint Applicants within Idaho. By virtue of executing this Stipulation, the Joint Applicants agree to perform all of the Commitments set forth in Exhibit A according to the provisions of each Commitment, as set forth therein.

6. In the process of obtaining approvals of the Proposed Transaction in other states, the Commitments may be expanded or modified as a result of regulatory decisions or settlements. The Joint Applicants agree as set forth in Commitment No. 74 of Exhibit A hereto that the Commission shall have an opportunity and the authority to consider and adopt in Idaho any commitments or conditions adopted elsewhere to which the Joint Applicants agree, even if such Commitments and conditions are agreed to after the Commission enters its order in this docket. To facilitate the Commission's consideration and adoption of the commitments and conditions from other jurisdictions, the Parties urge the Commission to issue an order accepting this Stipulation as soon as practical, but to reserve in such order the explicit right to re-open Exhibit A to add (without modification of the language thereof except such non-substantive changes as are necessary to make the commitment or condition applicable to Idaho) commitments and conditions accepted in another state jurisdiction, subject to the limitations set forth in Commitment No. 74 of Exhibit A. To provide input to the Commission to facilitate a prompt decision regarding the desirability or lack of desirability for these out-of-state

commitments and conditions to be adopted in Idaho, the Parties agree to and recommend the following process, which is set forth in Commitment No. 74 of Exhibit A hereto:

- Within five calendar days after Applicants file a stipulation with new or amended commitments with a commission in another state jurisdiction, Applicants will send a copy of the stipulation and commitments to the Non-Applicant Parties.
- Within five calendar days after a commission in another state jurisdiction issues an order that accepts a stipulation to which Applicants are a party and imposes new or modified commitments, that order, together with all commitments of any type agreed to by Applicants in such other state, will be filed with the Commission and served on all parties to this docket by the most expeditious means practical.
- Within ten calendar days after the last such filing from the other states (“Final Filing”), the Non-Applicant Parties may file with the Commission any response they wish to make, including their position as to whether any of the covenants, commitments and conditions from the other jurisdictions (without modification of the language thereof except such non-substantive changes as are necessary to make the commitment or condition applicable to Idaho) should be adopted in Idaho.
- Within five calendar days after any such response filing, the Applicants may file a reply with the Commission.
- If any of the dates above fall on Saturday, Sunday, or a holiday, the next business day will be considered as the due date.
- The Parties agree to support in their filings the issuance by the Commission of an order regarding the adoption of such commitments as soon as practical thereafter, recognizing that the Proposed Transaction cannot close until final state orders have been issued approving the Proposed Transaction.

#### **IV. OTHER GENERAL PROVISIONS**

7. The Parties, by signing this Stipulation, acknowledge that the Joint Applicants have satisfied the standard under Idaho Code Section 61-328 for approval of the Proposed Transaction and request that the Commission issue its order approving the Joint Application and this Stipulation. The Parties encourage the Commission to enter a final Idaho approval order by no later than August 14, 2018.

8. The Parties submit this Stipulation to the Commission and recommend approval in its entirety pursuant to RP 274. Parties shall support this Stipulation before the Commission, and no Party shall appeal a Commission Order approving the Stipulation or an issue resolved by the Stipulation. If this Stipulation is challenged by any person not a party to the Stipulation, the Parties to this Stipulation reserve the right to file testimony, cross-examine witnesses and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlement terms embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

9. The Parties agree that this Stipulation represents a compromise of the positions of the Parties in this case. As provided in RP 272, other than any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to the Stipulation, all statements made and positions taken in negotiations relating to this Stipulation shall be confidential and will not be admissible in evidence in this or any other proceeding.

10. If the Commission rejects any part or all of this Stipulation or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 14 days of the date of such action by the Commission, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate. In such case, the Parties immediately will request the prompt reconvening of a prehearing conference for

purposes of establishing a procedural schedule for the completion of the case, in accordance with law.

11. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.


12. No Party shall be bound, benefited or prejudiced by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory or principle of regulation or cost recovery. No Party shall be deemed to have agreed that any method, theory or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

13. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and upon such approval being upheld on appeal, if any, by a court of competent jurisdiction.

14. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

DATED this \_\_\_\_ day of April, 2018.

**HYDRO ONE LIMITED**

By:   
Elizabeth Thomas, Partner, K&L Gates LLP  
Kari Vander Stoep, Partner, K&L Gates LLP  
On Behalf of Hydro One Limited and  
Olympus Equity LLC

**AVISTA CORPORATION**

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David J. Meyer  
Attorney for Avista Corporation

**STAFF OF THE IDAHO PUBLIC  
UTILITIES COMMISSION**

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Brandon Karpen  
Deputy Attorney General

**CLEARWATER PAPER  
CORPORATION**

By: \_\_\_\_\_  
Peter Richardson / Greg Adams  
Attorneys for Clearwater Paper

**IDAHO FOREST GROUP, LLC**

By: \_\_\_\_\_  
Ron L. Williams  
Attorney for Idaho Forest Group, LLC

**IDAHO CONSERVATION LEAGUE**

By: \_\_\_\_\_  
Benjamin Otto  
Idaho Conservation League

**WASHINGTON AND NORTHERN  
IDAHO DISTRICT COUNCIL OF  
LABORERS**

By: \_\_\_\_\_  
Danielle Franco-Malone  
Schwerin Campbell Barnard Iglitzin & Lavitt,  
LLP

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ASSOCIATION OF IDAHO**

By: \_\_\_\_\_  
Brad Purdy  
Attorney for CAPAI


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For: By:  4/13/2018  
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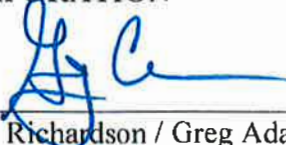
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