

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Joint Application of)	
HYDRO ONE LIMITED (acting through)	DOCKET NO. U-170970
its indirect subsidiary, Olympus Equity)	
LLC)	
)	
and)	
AVISTA CORPORATION)	FOURTH SUPPLEMENTAL COMMENTS
)	OF AVISTA AND HYDRO
)	ONE AS JOINT APPLICANTS IN
For an Order Authorizing Proposed)	REFERENCE TO MANAGEMENT
Transaction)	CHANGES AT HYDRO ONE
.....))	

1 On July 12, 2018, Judge Dennis Moss directed Joint Applicants to file comments concerning changes in Hydro One Limited’s (“Hydro One”) executive management and board of directors, and to make any recommendations with respect to what additional process should be required. As promised in our July 18, 2018 Comments of Avista and Hydro One as Joint Applicants in Reference to Management Changes at Hydro One regarding the recent developments involving Hydro One’s President and Chief Executive Officer (“CEO”) and board of directors, this supplement provides a further update on events related to changes to Hydro One’s management.

2 On September 13, 2018, S&P Global Ratings (“S&P”) issued the attached report titled “Hydro One Ltd. And Subsidiary Downgraded To ‘A-’ On Lower Governance Assessment; Ratings Remain on Credit Watch.” S&P lowered its issuer credit ratings on Hydro One and its subsidiary Hydro One Inc. to ‘A-’ from ‘A’. It also lowered the issue-level rating on Hydro One Inc.’s senior unsecured debt to ‘A-’, the rating on its commercial paper program to ‘A-2’, and the

global short-term and Canadian National Scale ratings to 'A-1 (Low)'. All ratings remain on CreditWatch with negative implications.

3 S&P explained the one-notch downgrade as follows:

The Government of Ontario recently implemented legislation, requiring Hydro One's board of directors to establish a new executive compensation framework for the board, CEO, and other executives. The legislation also amends the current Ontario Energy Board Act, requiring the Ontario Energy Board to exclude any compensation paid to the CEO and other executives from consumer rates.

We consider such action as a governance deficiency related to Hydro One's ownership structure and are lowering our management and governance (M&G) assessment on Hydro One Ltd. (HOL) and Hydro One Inc. (HOI) to fair from satisfactory.

4 Hydro One's credit rating remains investment grade. Further, the legislation cited by S&P as the reason for the downgrade, the *Hydro One Accountability Act, 2018*, applies only to Hydro One's subsidiaries in Canada, and therefore, would not apply to Avista if the proposed merger is consummated.

Respectfully submitted this 14th day of September, 2018.

Avista:



By: _____
David J. Meyer
VP, Chief Counsel for Regulatory
and Governmental Affairs

Hydro One:



By: _____
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