

CASE NO. AVU-6-17-05 and AVU-E-17-09

**Lorah Sue Skerrett
1415 Crestline Drive
Coeur d'Alene, ID 83814**

RECEIVED

2018 JUN -1 AM 8:53

IDAHO PUBLIC
UTILITIES COMMISSION

5/29/18

**Idaho Utilities Commission
P.O. Box 80720
Boise, ID 83720-0074**

ATTENTION: DIANE HOLT

Dear MS. Holt:

Please do not approve the sale of Avista to Hydro One!

I oppose this sale:

I do not want Avista affected / controlled by a company headquartered in a foreign country – Canada - or anywhere.

Canada is a member of the Paris Climate Accord, which can result in Canadian companies having to shoulder oppressive financial burdens.

Canada's Power Producing Industry may be headed for a crisis. I do not want Avista to be affected by that!

The Hydro One promise of no change in Avista's rates for two years looks to be a pro acquisition come-on to get Avista customers on the hook – then what? This promise rings pretty hollow in view of the history of rate increases that Hydro One customers have experienced in the last two years (6,100%)!

How can the expense of Avista Board Members each getting a bonus of \$10 - \$15 million dollars, if the sale is successfully completed – be good for Avista customers!?!? No way!!

No! This is not a good deal for Avista's customers! Please do not approve the sale of Avista to Hydro One!

Thank you,



Lorah Sue Skerrett

attachments

2) Avista's customers enjoy the lowest energy costs in North America while HydroOne customers pay the highest rates. (Recent rate decreases occurred only after rates increased 144 percent in 10 years!)

3) HydroOne must adhere to Ontario's Green Energy Act requiring a carbon tax. A \$50/ton tax on a 3-car family means \$1,987 tax/year. Australia instituted a carbon tax in 2012 but ended it two years later due to severe unemployment and economic downturns.

4) Our most precious natural resource and hydroelectric dams will be subject to Canadian laws, not American.

5) HydroOne expands use of wind and solar power, which is often unpredictable and much less efficient than Avista's current sources. The EPA found wind turbines killed so many birds (endangered ones, too) that they stopped keeping track of the destruction of this marvelous wildlife.

Write WUTC (comments@utc.wa.gov) and tell them not to sell out. Let's keep our energy costs low.

Alene Lindstrand
Spokane

Avista sale is bad news

Avista may sell out to HydroOne in Ontario. Save your shekels, you will need them. What are the pros vs. cons?

Pros: 1) Stockholders receive a handsome profit.

Cons: 1) Foreign ownership provides zero motivation to invest its profits back into Avista's four-state local region.

*Spokane River Power Forum
05-30-18*

Spokane 05-23-18

Regulators home in on Hydro One

THE SPOKESMAN-REVIEW

BUSINESS

WEDNESDAY, May 23, 2018

What would be the impact of foreign ownership on Avista – and its customers – if its sale to Canadian utility Hydro One is approved?

What influence will the province of Ontario, a Hydro One stakeholder, have on a business and ratepayers in Washington?

Members of the state's Utilities and Transportation Commission wanted answers to those questions and others Tuesday from Hydro One CEO Mayo Schmidt, during a regulatory hearing in Olympia. **NEWS, 10**

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| 3DAQ 8.48 -15.58 | ↓ S&P 500 2,724.44 -8.57 | ■ 10-YR T-NOTE 3.06% ... | ↑ 30-YR T-BOND 3.21% +.01 | ↓ CRUDE OIL \$72.09 -15 | ↑ GOLD \$1,291.70 +15.0 | ↑ EURO \$1.1779 +.0007 |
|---------------------|-----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|---------------------------|

Washington regulators quiz Hydro One

UTC seeks answers on impact of foreign ownership, influence of Ontario politics on Avista's future

By Becky Kramer
THE SPOKESMAN-REVIEW

Some Avista customers said they didn't want their local utility sold to a Canadian company with government ownership during a public hearing last month in Spokane Valley.

Questions about foreign ownership and political influence were aired again Tuesday during a regulatory hearing in Olympia.

If Avista's \$5.3 billion sale to Hydro One Ltd., of Toronto, goes through later this year, the Spokane-based utility would become a subsidiary of a company whose largest shareholder is the province of Ontario, with a 45 percent stake.

Members of the Washington Utilities and Transportation Commission grilled Hydro One CEO Mayo Schmidt about an upcoming election in Ontario and potential impacts on the utility.

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"Mr. Schmidt, I'd like you to address this issue of concern about foreign ownership and the role of the province in having significant control of the company," UTC Commissioner Ann Rendahl said during the hearing, which was livestreamed. "Especially with the potential change in the political landscape."

Several Canadian political parties are vying for control in the province's June legislative elections. The Liberal Party, which is currently in the majority, supported the privatization of Hydro One, which was once completely owned by the province.

Another political party wants to fire Hydro One's board of directors, saying that executive pay is too high. And yet another party says it wants to return Hydro One to full ownership by the province, which started selling off its stake

in the utility in 2015.

The future of Hydro One "seems to be a major election issue," said UTC Chairman David Danner, who wondered how "the potential volatility" would affect Avista ratepayers if the sale goes through.

Both Schmidt and Avista CEO Scott Morris, who were at the hearing, sought to assure regulators that Avista's ratepayers wouldn't be affected by Ontario politics – now or in the future.

"The province is a shareholder, not a manager of the business," Schmidt said. To date, "the province has been exemplary in not involving themselves in the business of the organization."

After the purchase of Avista, the province's ownership stake in Hydro One would drop to 42 percent, he said. Even if Hydro One's board of directors was replaced in the future, the process requires that independent board members – not politicians – be chosen to run the company, Schmidt said.

If the government of Ontario wanted to re-

See **REGULATORS, 11**

REGULATORS

Continued from 10

gain full ownership of Hydro One in the future, it would be "a complicated deal," requiring the cash-strapped province to buy out the other shareholders, Hydro One attorney James Scarlett said.

Protections for Avista's customers are outlined in sales agreements, Morris said. Avista and Hydro One would keep separate books.

Funds would not be commingled for setting customers' rates. State regulators would review those financial audits before acting on new rate requests from Avista, he said.

After the sale, Avista's new board of directors would retain strong Northwest ties, Morris said. The nine-member board would have four Avista representatives, two Hydro One representatives and three independent members chosen

from the Northwest.

"These protections ... keep the ship of Avista sailing smoothly regardless of what happens in Ontario," said Scarlett, the Hydro One attorney.

Hydro One's customers "share the same concerns that you have here," Schmidt said. They don't want to shoulder any costs from Avista, he said.

Although Avista and Hydro One would operate separately after the sale, the

companies expect to benefit from sharing best management practices and savings from buying equipment and supplies in large quantities, Morris and Schmidt said.

For Avista's sale to go through, the three-member UTC must determine that it would benefit the utility's customers. A decision is expected by mid-August.

CONTACT THE WRITER:
(509)459-5466
beckyk@spokesman.com

AVISTA

Continued from 1

Washington customers would get \$31.7 million in credits on their bills for five years. For a typical electric and natural gas customer, the credits would be about \$1.27 per month.

The agreement also contains "ring fencing" provisions, designed to keep Avista's finances as separate as possible from Hydro One's. The provisions pro-

tect Avista ratepayers in the event that Hydro One would file for bankruptcy in the future or run into other financial problems.

The evidentiary hearings give the UTC's three members the chance to ask questions of Avista, Hydro One and other stakeholders who helped craft the settlement. The three-member commission will evaluate whether Avista's ratepayers would benefit from the sale.

By mid-August, the UTC will decide whether to ap-

prove the sale, which could close later this year. Public utility commissions in other states where Avista operates also are scrutinizing the sale. There have related developments elsewhere.

Mayo Schmidt, Hydro One's chief executive, has been the subject of recent articles in the Canadian news media. The province of Ontario owns a 47 percent stake in the utility, and Schmidt's executive compensation of \$6.2 million Canadian last year, along with

Hydro One's high electrical rates, has become fodder in an upcoming provincial election.

Avista and Hydro One also upped their contribution to \$4.5 million to the community of Colstrip, Montana, where Avista is part owner of a coal-fired plant. The money would be used to help Colstrip's economy transition to other business ventures.

In Idaho, more than 200 Avista customers have sent in written comments on the

sale. The state's Public Utilities Commission will hold three public hearings at 6 p.m. on these dates:

• June 12 in Moscow at the 1912 Center, 412 E. Third St.

• June 13 at Sandpoint High School, 410 S. Division Ave.

• June 14 in Coeur d'Alene at the Midtown Meeting Center, 1505 N. Fifth St.

CONTACT THE WRITER:

(509)459-5466

beckyk@spokesman.com

Regulators prepare to weigh Avista sale

Hearings this week in Olympia

By Becky Kramer
THE SPOKESMAN-REVIEW

Avista's proposed sale to a Canadian utility gets another round of regulatory scrutiny this week.

The Washington Utilities and Transportation Commission will hold "evidentiary hearings" on Tuesday and possibly Wednesday in Olympia to review how Avista would operate as a wholly owned subsidiary of Hydro One Ltd., of Toronto.

Members of the public can listen via livestream by going to <https://www.tvw.org> and clicking on the appropriate links, said Kate Griffith, a UTC spokeswoman. The meeting begins at 9:30 a.m. Tuesday.

Interest in the sale of Spokane's homegrown utility is running high. About 80 Avista customers attended a public hearing last month in Spokane Valley on the proposed \$5.3 billion sale. Some voiced concern about foreign ownership of Avista, which was founded in 1889 as Washington Water Power, generating electricity from falls on the Spokane River.

Avista and Hydro One spelled out operating conditions in a proposed settlement, with input from other parties. Some highlights include:

• Avista would retain its Spokane headquarters, with similar employment levels and increased charitable giv-