

ON BEHALF OF AVISTA CORPORATION

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ON BEHALF OF HYDRO ONE LIMITED

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**BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF
MONTANA**

IN THE MATTER OF THE JOINT)
APPLICATION OF HYDRO ONE LIMITED) DOCKET NO. D2017.9.71
(ACTING THROUGH ITS INDIRECT)
SUBSIDIARY, OLYMPUS EQUITY LLC))
AND) DIRECT
AVISTA CORPORATION) TESTIMONY
FOR AN ORDER AUTHORIZING PROPOSED) OF
TRANSACTION) JASON R. THACKSTON

FOR AVISTA CORPORATION
(ELECTRIC)

1 **Q. Please state your name, business address and**
2 **present position with Avista Corporation?**

3 A. My name is Jason R. Thackston. I am employed as
4 the Senior Vice President of Energy Resources at Avista
5 Corporation, located at 1411 East Mission Avenue, Spokane,
6 Washington.

7 **Q. Have you previously provided testimony in this**
8 **proceeding?**

9 A. No, I have not previously filed direct testimony
10 in this proceeding.

11 **Q. Would you briefly describe your educational and**
12 **professional background?**

13 A. Yes. I graduated from Whitworth University in
14 1992 with a Bachelor of Arts in International Studies and an
15 emphasis in Business Management and a Master of Business
16 Administration from Gonzaga University in 2000. I joined
17 the Company in 1996 as a Corporate Treasury Analyst. I have
18 held several different positions at Avista, including roles
19 in Finance and Accounting, Internal Audit, Risk Management,
20 Power Supply, and Gas Supply.

21 I was appointed Vice President of Finance in June 2009
22 and have since held the roles of Vice President of Energy
23 Delivery and Vice President of Customer Solutions before
24 assuming my current role in January 2013. The Energy

1 Resources group is primarily responsible for producing or
2 procuring the electricity and natural gas to serve our
3 customers' needs, including the construction, operation, and
4 maintenance of our generation facilities and the
5 optimization of those electric and natural gas facilities
6 for the benefit of our customers.

7 **Q. What is the scope of your testimony in this**
8 **proceeding?**

9 A. in the Commission's "Notice of Additional Issues"
10 dated February 21, 2018, it stated at ¶6:

11 Accordingly, the Commission seeks Joint Applicant
12 testimony into these additional issues: whether the
13 transaction, the potential regulatory conditions
14 associated with it, or the finalized depreciation study
15 will materially impact Montana-sited resources in a
16 manner detrimental to the public interest. The
17 testimony should: 1) narrate the status of the
18 transaction's regulatory approval proceedings,
19 identifying any disclosing testimony or argument by the
20 Joint Applicant or by any other party that affects
21 Montana-sited resources; 2) present the results of
22 Hydro One's depreciation study as it relates to
23 Montana-sited resources; 3) describe the existing
24 regulatory obligations of Avista related to Montana-
25 based resources, such as hydroelectric license
26 conditions and future remediation liabilities, and
27 describe whether and how the transaction would affect
28 those obligations; and 4) make any offer, as the Joint
29 Applicant may see fit to do, of regulatory conditions
30 that are sufficient to ensure the public interest is
31 served. During the pendency of this proceeding, the
32 Joint Applicant may, and at the hearing shall, file one
33 or more supplemental updates to this testimony to
34 reflect the newest information pertinent to the
35 additional issues.

1 In my testimony I will address several items. First, I
2 will provide an overview of the status of the filings
3 related to the merger application ("Proposed Transaction")
4 made by Hydro One Limited ("Hydro One") and Avista
5 Corporation ("Avista") (together, the "Joint Applicants") in
6 Washington, Oregon, Idaho and Alaska, as well as with the
7 Federal Energy Regulatory Commission (FERC), among others.
8 Next, I will address the Commission's request for
9 information regarding Avista's Noxon Rapids Hydroelectric
10 generating facility located in Noxon, Montana and Colstrip
11 Units 3 and 4, located in Colstrip, Montana. Mr. Ehrbar will
12 address Avista's (and not Hydro One's) recently-filed
13 depreciation study. In the end, Avista witness Mr. Ehrbar
14 and I will demonstrate that the Proposed Transaction,
15 regulatory conditions associated with it, and finalized
16 depreciation study that includes Noxon Rapids and Colstrip
17 Units 3 and 4, will not materially impact Montana-sited
18 resources in a manner detrimental to the public interest.
19 Finally, I will provide the Joint Applicants' response to
20 the Commission's request for information on regulatory
21 conditions that are sufficient to ensure the public interest
22 is served.

23 **Q. Are others on behalf of the Joint Applicants**
24 **sponsoring Supplemental Direct testimony related to the**

1 **Commission's request?**

2 A. Yes. Mr. Ehrbar for Avista will address issues
3 related to ratemaking in Montana, and addresses (and
4 sponsors) Avista's 2018 Depreciation Study.

5 **Q. Are you sponsoring any exhibits?**

6 A. No, I am not.

7

8 **Status of Hydro One Filings**

9 **Q. In addition to the State of Montana, where else**
10 **did Avista and Hydro One file for U.S. State approvals of**
11 **the proposed merger transaction?**

12 A. Avista and Hydro One filed transaction approval
13 requests in the States of Washington, Idaho, Oregon and
14 Alaska. For Washington, Idaho and Oregon in particular, the
15 form of filing, including testimony and exhibits, are
16 essentially in the same form as the request made in Montana.

17 **Q. Before providing a jurisdictional status update,**
18 **have either Idaho or Washington parties (Avista's other**
19 **electric service jurisdictions) filed testimony or argument**
20 **that affects Montana-sited resources?**

21 A. No, Idaho and Washington parties have not yet
22 filed testimony or argument regarding the Proposed
23 Transaction, nor any issues regarding Montana-sited
24 resources.

1 Q. Will you provide later updates to your testimony
2 should issues related to Montana-sited resources develop in
3 Idaho and Washington?

4 A. Yes. Because we expect that Colstrip-related
5 concerns may arise in Idaho and Washington, we commit to
6 supplementing this testimony.

7 Q. What is the status of the merger applications in
8 Washington, Idaho and Oregon?

9 A. Provided in the tables below, are summaries of the
10 procedural schedules, by State in the merger
11 proceedings. Each State is in a different stage in terms of
12 its review of the merger, and in terms of the process.

WASHINGTON (Docket No. U-170790)	
September 14, 2017	Joint Application filed
February 6, 2018	WA Settlement Conference #1
February 23, 2018	WA Settlement Conference #2
March 15, 2018	WA Other Parties' Response Testimony Due
April 23, 2018	WA Public Comment Hearing - Spokane Valley
April 25, 2018	WA Company Rebuttal Testimony Due, Other Parties' Cross-Answering Due
May 2, 2018	WA Public Comment Hearing - Othello
May 3, 2018	WA Public Comment Hearing - Colfax
May 16, 2018	WA Parties' Cross-Ex, Witness Lists, & Time Estimates Due
May 22-23, 2018	WA Evidentiary Hearing
June 28, 2018	WA Post-Hearing Briefs Due
August 14, 2018	WA Statutory Decision Deadline

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IDAHO (Case Nos. AVU-E-17-09 and AVU-G-17-05)	
September 14, 2017	Joint Application filed
April 26, 2018	ID Settlement Conference #1
May 18, 2018	ID Staff & Intervenor Testimony Due
June 5, 2018	ID Settlement Conference #2
June 20, 2018	ID Company Rebuttal Testimony Due
June 27, 2018	ID Technical Evidentiary Hearing
August 14, 2018	ID Statutory Decision Deadline

OREGON (Docket No. UM 1897)	
September 14, 2017	Application filed
February 26, 2018	OR Commissioner Workshop
March 15, 2018	OR Settlement Conference #1
March 29, 2018	OR Company Rebuttal Due
April 12, 2018	OR Settlement Conference #2
May 9, 2018	OR Staff & Intervenor Surrebuttal Due
May 23, 2018	OR Company Surrebuttal Due
June 5, 2018	OR All Parties' Cross-Ex Due
June 14-15, 2018	OR Evidentiary Hearing
July 12, 2018	OR Post-Hearing Briefs Due
August 10, 2018	OR Reply Briefs Due
September 14, 2018	OR Statutory Decision Deadline

Q. What is the status of the merger filing in the State of Alaska?

A. On February 6, 2018, Hydro One and Avista filed a Joint response to public comments received thus far through December 29, 2017. Many of the public comments referenced issues that were beyond the scope of the merger proceeding. In response to the public comments, and Hydro One and Avista's reply comments, on February 12, 2018, the

1 Regulatory Commission of Alaska ("RCA") issued a notice of a
2 public conference which was held in Juneau, AK on February
3 27, 2018, to give the public, Hydro One, and Avista an
4 opportunity to respond to comments. In that order, however,
5 the RCA limited the scope of comments that can be made,
6 excluding the issues that are unrelated to the merger
7 proceeding. On February 22, 2018, the City and Borough of
8 Juneau filed a Petition for Formal Proceedings and a
9 Petition for Intervention. The RCA has not yet ruled on
10 those petitions. The RCA should have a final decision
11 regarding the Proposed Transaction by May 20, 2018.

12 **Q. Are there any additional regulatory or**
13 **governmental agencies that must approve or review the merger**
14 **transaction?**

15 A. Yes. In addition to the individual State
16 proceedings discussed above, as discussed in paragraph 21 of
17 the Joint Application, the Proposed Transaction is subject
18 to certain federal regulatory and governmental approvals,
19 including the expiration or termination of any applicable
20 waiting period under the Hart-Scott-Rodino Antitrust
21 Improvements Act of 1976 ("HSR"), and at the Committee on
22 Foreign Investment in the United States ("CFIUS"), the
23 Federal Communications Commission ("FCC"), and the Federal
24 Energy Regulatory Commission ("FERC").

1 **Q. What is the status of the merger filing filed with**
2 **the FERC?**

3 A. On January 16, 2018, FERC issued an Order
4 approving the Proposed Transaction.

5 **Q. What is the status of the merger filing with the**
6 **HSR, CFIUS and FCC?**

7 A. It is currently anticipated that the HSR and FCC
8 filings will be filed in early and late March respectively.
9 The informal notice was filed with CFIUS on February 9,
10 2018, and the CFIUS determination should be made either the
11 31st or 76th day after filing formal notice. Clearance must
12 be received from these agencies prior to closing.

13

14 **Montana-Sited Generation**

15 **Q. By way of background, would you please provide an**
16 **overview of Avista's Noxon Rapids Hydroelectric generation**
17 **facility?**

18 A. Yes. Avista is the sole owner of the Noxon Rapids
19 Hydroelectric Dam. The Noxon Rapids development is a 518 MW
20 hydroelectric facility constructed in 1959. The 260 foot
21 tall dam includes four generators installed between 1959 and
22 1960, and a fifth unit that entered service in 1977. Units
23 1 through 4 were upgraded between 2009 and 2012 to provide
24 additional capacity and energy. The project operates under

1 the Clark Fork License issued by FERC through 2046, which
2 includes a variety of Protection, Mitigation and Enhancement
3 (PM&E) measures under the license.

4 **Q. How will the Proposed Transaction affect Avista's**
5 **implementation of its FERC license for Noxon Rapids dam?**

6 A. The Proposed Transaction will not impact Avista's
7 ongoing efforts in implementing the FERC license for the
8 Clark Fork Project, which includes Noxon Rapids dam. Avista
9 will continue to be the sole owner and operator of the Clark
10 Fork hydroelectric facilities, and continue to be the
11 Licensee.

12 The Clark Fork License encompasses the Clark Fork
13 Settlement Agreement, the result of a multi-year
14 collaborative effort among over 27 parties, including the
15 State of Montana (through the Montana Department of
16 Environmental Quality and Montana Fish Wildlife and Parks,
17 and Montana Historic Preservation Office), local governments
18 in Montana, Montana Native American Tribes, and many Montana
19 citizens and non-governmental organizations.

20 The 45-year license, issued in 2000, is implemented
21 through ongoing collaborative efforts via the Clark Fork
22 Management Committee. The licensing process also triggered
23 compliance requirements related to a number of authorities,
24 including the Clean Water Act and the Endangered Species

1 Act, overseen by both federal and state agencies.
2 Importantly, stakeholders, including the State of Montana,
3 desired that the licensing process would promote mutual,
4 long-term goals for managing the natural and cultural
5 resources of the Project area. As a result, the license
6 embodies a number of Protection, Mitigation and Enhancement
7 measures that cover issues such as fish and wildlife
8 habitat, recreation, water quality, cultural resources, land
9 management, fishery management and much more. Annual work
10 plans and budgets are developed in concert with
11 stakeholders, and the Clark Fork Management Committee makes
12 all decisions regarding implementation of these measures.
13 Decisions are almost always by consensus. However, should a
14 vote be required, there are five key voting entities: the
15 State of Montana, the State of Idaho, the U.S. Forest
16 Service, the U.S. Fish & Wildlife Service, and Avista.
17 Implementation of these efforts is also collaborative
18 between agency, Avista and third-party resources. In fact,
19 Avista currently funds a Montana agency staff member who
20 participates in this implementation.

21 Since Avista began implementing the Clark Fork License,
22 over \$45 million has been invested in Montana resources.
23 Thousands of acres of property have been restored or
24 protected. Many campgrounds and access facilities have been

1 developed or improved, such as Thompson Falls State Park.
2 License implementation has improved conditions for, and
3 populations of, both native and sports fisheries. These
4 improvements have sparked a growth in the recreation-based
5 economy in the lower Clark Fork valley. Avista also seeks
6 to employ local contractors when possible. Avista
7 facilitated the creation of seven watershed councils, led by
8 local citizens, who are engaged in license implementation
9 and land use improvements in other contexts. Avista also
10 provides the services of a grant writer to the Management
11 Committee, often using Avista's investments as matching
12 funds, resulting in over \$11 million of additional
13 investments from foundations, agencies and others into the
14 lower Clark Fork valley since 2000. The commitments in the
15 license are unchanged by the Proposed Transaction, and
16 Avista looks forward to the continued team efforts with and
17 for the benefit of Montanans.

18 **Q. Will the Proposed Transaction affect any of the**
19 **obligations of Avista under the above-mentioned licensing**
20 **conditions?**

21 A. No, it will not.

22 **Q. Montana Commission Staff, in their Data Request**
23 **No. 9, asked if Avista was planning on recovering invasive**
24 **species fees in a manner different than how it does today,**

1 and whether Hydro One is committed to assisting in the
2 funding of Montana's invasive species programs after June
3 30, 2019. How did the Joint Applicants respond to that
4 request?

5 A. As it relates to cost recovery approaches for
6 issues such as Montana's invasive species fee, the approach
7 will not change as a result of the Proposed Transaction.
8 Prospectively, Avista conducts extensive efforts related to
9 aquatic invasive species under the Clark Fork License issued
10 by the FERC. This license incorporates a settlement
11 agreement to which the State of Montana is a key signatory,
12 and it was intended to address all issues related to the
13 ongoing operations of Noxon Rapids dam, including issues
14 such as aquatic invasive species, irrespective of Montana
15 Code Ann. § 15-72-601(5), which terminates June 30, 2019.
16 Avista has met, and will continue to meet, all its
17 obligations under the agreement and license, as well as any
18 separate requirements of Montana law. These commitments
19 will not change as a result of the Proposed Transaction.

20 Q. By way of background, would you please provide an
21 overview of Avista's ownership of the Colstrip generation
22 facility?

23 A. Yes. Colstrip is a 2,094 MW coal-fired power
24 plant with four units located in Colstrip, Montana that was

1 constructed in two phases in the 1970s and 1980s. Avista
 2 has a 15 percent ownership interest in Units 3 and 4, which
 3 were completed in 1984 and 1986 respectively. The plant is
 4 owned by six different owners including Avista, Northwestern
 5 Energy, PacifiCorp, Portland General Electric, Talen Energy
 6 ("Talen") and Puget Sound Energy. Table No. 1 below shows
 7 the four units, their size in megawatts and the ownership
 8 percentages for each unit and as part of the total project.

9 **Table No. 1: Colstrip Basic Data**

Unit	Size (MW)	Year Online	Avista	Northwestern Energy, LLC	PacifiCorp	Portland General Electric	Talen Energy	Puget Sound Energy
#1	307	1975	0%	0%	0%	0%	50%	50%
#2	307	1976	0%	0%	0%	0%	50%	50%
#3	740	1984	15%	0%	10%	20%	30%	25%
#4	740	1986	15%	30%	10%	20%	0%	25%

15 Under the Colstrip Ownership and Operating Agreement,
 16 Talen is the plant operator. The plant operator provides
 17 ongoing information about capital and maintenance projects,
 18 which are voted on by the owners based on their ownership
 19 percentages. Talen employs about 360 people to operate all
 20 four units of the plant and to perform maintenance and
 21 capital work that has been approved by the owners.

22 Colstrip only uses Montana coal from the Rosebud Mine
 23 located adjacent to the plant. The 10 to 13 million tons of
 24 coal per year is trucked or delivered by conveyor to the

1 plant depending on the unit being served.

2 **Q. Upon consummation of the Proposed Transaction,**
3 **would Hydro One assume Avista's 15 percent ownership**
4 **interest in Colstrip Units 3 and 4?**

5 A. No. those interests will remain with Avista. Upon
6 consummation of the Proposed Transaction, Avista will be an
7 indirect, wholly-owned subsidiary of Hydro One and Avista
8 will continue to have the 15 percent ownership interest in
9 Colstrip Units 3 and 4. Post-closure of the transaction,
10 Avista will operate very much as it does today with respect
11 to Colstrip. Avista will become a separate indirect
12 subsidiary under Hydro One. Avista will have its own
13 management and its own board of directors. In short, Avista
14 will have the same look and feel to customers after the
15 Proposed Transaction as it has today. The same holds true
16 for Colstrip - Avista will continue to manage its ownership
17 stake in Colstrip no differently than it does today.

18 **Q. Was this a commitment of Hydro One to Avista?**

19 A. Yes. As Hydro One witness Mr. Schmidt stated in
20 his direct testimony at p. 32, ll. 20-26:

21 As part of the Delegation of Authority described above,
22 the Hydro One board acknowledges that the post-
23 transaction Avista board and management team, will plan
24 for the operation of its business. Hydro One approval
25 would be required, however, for an action expected to
26 result in a material change to the nature of the
27 business of Avista or Avista's subsidiaries.

28

1 He goes on to state on p. 35, at lines 6-9, that "Avista's
2 existing executive management team will manage Avista's
3 business and will develop and execute Avista's business plan
4 under the oversight of the Avista board." We believe that
5 allowing Avista to remain, for all intents and purposes,
6 unchanged from how it operates today, will preserve a
7 benefit to all of our customers, and does not otherwise
8 impact Colstrip in a manner detrimental to the public
9 interest.

10 **Q. How will the Proposed Transaction affect Avista's**
11 **obligations, including any remediation requirements, related**
12 **to Colstrip?**

13 A. The Proposed Transaction will not impact Avista's
14 obligations related to Colstrip, including any remediation
15 requirements. Avista is one of six Colstrip owners, with a
16 15 percent ownership share in Units 3 and 4. Costs are
17 allocated among owners according to ownership shares. Post-
18 transaction, Avista will continue to be a minority owner of
19 Colstrip Units 3 and 4 with all of the same rights and
20 obligations associated with its current ownership interests.

21 Obligations related to Colstrip's environmental matters
22 are included in, among other things, the Siting Certificate
23 issued by the State of Montana, numerous permits issued by,
24 and overseen by, the Montana Department of Environmental

1 Quality, and agreements or settlements that include the
2 State of Montana. Colstrip is operated by Talen on behalf
3 of all the owners. Talen is continuously engaged with
4 Montana agencies on regulatory matters, including
5 remediation. For example, under an Agreed Order on Consent
6 and related settlement, Talen has submitted plans to the
7 State for managing the ponds at Colstrip, including those
8 containing coal ash. These plans go through multiple,
9 rigorous review processes that are transparent and open for
10 public comment. They include requirements for financial
11 assurance to ensure that remediation will be carried out.
12 Avista has met, and will continue to meet, its financial
13 obligations relative these matters.

14 **Q. Do the Joint Applicants propose to modify the**
15 **accounting life of Colstrip through accelerated depreciation**
16 **in its other merger proceedings?**

17 A. With respect to the depreciable life of the
18 Colstrip units for ratemaking and/or accounting purposes,
19 the Joint Applicants are exploring an alternative
20 depreciation schedule as part of Proposed Transaction
21 approval process. The depreciation schedule, however, is
22 distinct and separate from any ultimate operational end-of-
23 life decision for the Colstrip units. Were the Joint
24 Applicants to agree to accelerate the depreciable life of

1 Colstrip in one or more other jurisdictions, however, it
 2 would only impact depreciation rates and expense paid by
 3 customers in the affected jurisdictions, not in Montana.
 4 Avista and Hydro One will not agree to an accelerated date
 5 of closure for Colstrip Units 3 and 4 as part of this
 6 process.

7 **Q. Have other owners of Colstrip Units 3 and 4, in**
 8 **particular, agreed to some form of accelerated depreciation?**

9 A. Yes. Table No. 2 below provides the present
 10 agreed-upon depreciable life for Colstrip Units 3 and 4.

11 **Table No. 2**

Owner	Colstrip Unit 3		Colstrip Unit 4	
	Ownership Percentage	Current Terminal Depreciation Year	Ownership Percentage	Current Terminal Depreciation Year
Avista	15%	2034	15%	2036
Puget Sound Energy	25%	2027	25%	2027
PacifiCorp	10%	2046	10%	2046
Portland General Electric	20%	2030	20%	2030
Northwestern Energy, LLC	0%	No ownership	30%	2043
Talen Energy, LLC	30%	Not a rate-regulated entity	0%	No ownership

18
 19 Most recently, in Washington Utilities and
 20 Transportation Commission (WUTC) Docket Nos. UE-170034 and
 21 UG-170035, Puget Sound Energy reached a settlement with
 22 several parties, including the State of Montana, related to
 23 the depreciable life of Colstrip Units 3 and 4. The WUTC
 24 approved that settlement stipulation, which moves the

1 depreciable life to 2027 for both units. The Montana
2 Attorney General's office joined in that settlement (see
3 Order 08 in Docket Nos. UE-170033 and UG-170034, December 5,
4 2017).

5 **Q. Similar to Puget Sound Energy in the WUTC Dockets**
6 **discussed earlier, will the Joint Applicants commit to a**
7 **regulatory condition in this proceeding which causes them to**
8 **contribute funds to a Community Fund should the Joint**
9 **Applicants agree to accelerated depreciation for Colstrip?**

10 A. The Joint Applicants are cognizant of the
11 importance of the Colstrip generating station and wish to
12 cooperate with the State of Montana, as well as other
13 jurisdictions, on arrangements that meet the needs of all
14 stakeholders. The Joint Applicants are open to a variety of
15 potential outcomes associated with a negotiated settlement
16 to this proceeding, including, but not limited to,
17 contributing to an account associated with community and
18 workforce development in the town of Colstrip, on such terms
19 and conditions as may be negotiated and agreed at the
20 relevant time.

21 **Q. Could the Joint Applicants even agree to close**
22 **Colstrip in the Proposed Transaction proceedings?**

23 A. No. The Ownership and Operating Agreement for
24 Colstrip Units 3 & 4 does not provide for a single owner -

1 or any combination of owners other than all six owners
2 collectively - to commit to a retirement date for the
3 Colstrip generating units. Therefore, the Joint Applicants
4 cannot unilaterally commit to alter the retirement date of
5 the Colstrip units. With respect to the other Avista-owned
6 generating facility in Montana, Noxon Rapids, the Joint
7 Applicants do not intend to commit to an alteration of the
8 retirement date or the remaining useful life for ratemaking
9 purposes in Montana or other jurisdictions, as part of this
10 process.

11 **Q. The Commission invited the Joint Applicants to**
12 **make any offer of regulatory conditions that are sufficient**
13 **to ensure the public interest is served. What conditions do**
14 **the Joint Applicants make?**

15 A. Hydro One witness Mr. Schmidt's direct testimony
16 provides evidence of the benefits to Avista's customers,
17 communities, and employees if the Proposed Transaction is
18 approved. In his testimony and that of other Hydro One
19 witnesses, they are offering dozens of commitments to the
20 benefit of the customers and communities served by Avista.

21 More specifically in respect of the commitments related
22 to Montana-sited generation resources, first and foremost
23 the Proposed Transaction will preserve the authority of the
24 Avista board to continue to make operational decisions in

1 the ordinary course of business. Avista will continue to be
2 responsible for prudent management and oversight of all its
3 assets - that will not change under the terms of the
4 Proposed Transaction.

5 As for Colstrip Units 3 & 4, the Joint Applicants will
6 not, as a part of this process, commit to anything that
7 would cause an early shutdown of the Units (for reasons
8 discussed earlier). Second, as I stated earlier, however,
9 it is possible that the accounting/depreciable life of the
10 Colstrip Units 3 & 4 may become an issue in Washington
11 and/or Idaho.

12 **Q. In the end, do you believe that the transaction is**
13 **detrimental to public interest in Montana?**

14 A. No I do not. As I have discussed above, the Joint
15 Applicants first and foremost will not and cannot agree
16 unilaterally in any jurisdiction to the physical shutdown of
17 Colstrip Units 3 & 4. The Joint Applicants, however, are
18 exploring a form of accelerated depreciation in other
19 jurisdictions, but should it do so, it would also agree to
20 contributing to an account associated with community and
21 workforce development in the town of Colstrip, on such terms
22 and conditions as may be negotiated and agreed at the
23 relevant time.

1 By virtue of Avista's ownership of the Noxon Rapids
2 Dam, we have been a part of the Montana community for over
3 six decades - well before Colstrip Units 3 & 4 were
4 constructed. And given the expected longevity of Noxon
5 Rapids - our largest generation asset - we plan to be a part
6 of the Montana community for many decades to come - well
7 beyond even the longest estimates for the useful lives of
8 Colstrip Units 3 & 4. We have always striven for a balanced
9 approach to our business, incorporating the considerations
10 of our customers, our shareholders, our employees, the
11 communities we serve, and the communities that serve us,
12 including Colstrip. As we navigate through the regulatory
13 processes with the goal of receiving Proposed Transaction
14 approvals in all five states, we are committed to
15 maintaining that same balanced approach with respect to all
16 of our stakeholders.

17 **Q. Does Hydro One support the testimony filed by you**
18 **and Mr. Ehrbar related to the Commission's "Notice of**
19 **Additional Issues"?**

20 A. Yes, the information contained in both testimonies
21 have been reviewed and confirmed by Hydro One.

22 **Q. Does this conclude your pre-filed, direct**
23 **testimony?**

24 A. Yes it does.