

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF Avista Corporation) REGULATORY DIVISION
and Hydro One Limited's Application for)
Authorization of the Proposed Sale and) DOCKET NO. D2017.9.71
Transfer of Avista Corporation)

NOTICE OF ADDITIONAL ISSUES

1. On September 14, 2017, Avista Corporation and Hydro One Limited (“Joint Applicants”) filed an application for authorization of the proposed sale and transfer of Avista Corporation (“Application”) with the Montana Public Service Commission (“Commission”).
2. On September 27, 2017, the Commission issued a Notice of Application and Intervention Deadline, establishing October 19, 2017, as the deadline to intervene with the Application. On October 18, 2017, the Montana Consumer Counsel (“MCC”) filed its Petition for Intervention. On November 9, 2017, the Commission issued a Notice of Staff Action granting intervention to MCC and noticed the attorneys representing the MCC and the Joint Applicants.
3. On November 27, 2017, the Commission issued Procedural Order 7577, establishing a variety of deadlines for this docket, including an additional issues deadline by which the Commission must identify additional issues for investigation in this docket.
4. On February 12, 2018, the Commission held a regularly scheduled work session and identified several issues that require additional investigation.
5. The requested merger underlying this Application is multi-jurisdictional, requiring a variety of state and federal regulatory agency approval. *See* Data Responses (“DR”) PSC-011 (Jan. 9, 2018). Past proceedings before other state utility commissions have resulted in changes to regulation that affect Montana-sited assets. *See Consolidated Dockets* UE-170033 and UG-170034, Order 08 ¶¶ 139–145 (Wash. Util. and Transp. Comm’n Dec. 5, 2017) (establishing an accelerated depreciation schedule for Colstrip Generation Units 1 & 2, and establishing a transition fund for the community of Colstrip). Avista has an ownership share of Colstrip’s newer units, and the company also holds the license to Montana-based hydroelectric generating

assets. Hydro One is currently finalizing a depreciation study for assets associated with the Application, including Montana-based generating assets. DR PSC-007. It is conceivable that a change in regulation, or a change in business practice resulting from the transaction, could materially impact these Montana-based facilities.

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

7. To accommodate these additional issues, the Procedural Order 7577 is amended to include the following additional issues deadlines:

- (a) March 7, 2018: Deadline for Joint Applicant testimony on the additional issue identified in ¶ 6.
- (b) March 14, 2018: Deadline for interested parties to file a notice of intervention with the Commission, concerning the Additional Issue identified above. *See Notice of Application and Intervention Deadline* (Sept. 27, 2017) for procedures to formally intervene with this Application. The Montana Consumer Counsel retains its intervenor status, and is not required to file a second notice of intervention.
- (c) March 21, 2018: Deadline for data requests on the Additional Issue testimony.
- (d) April 4, 2018: Deadline for data responses on the Additional Issue testimony.

(e) April 11, 2018: Deadline for the Commission to identify further Additional Issues, if any, related to the initial Additional Issues testimony and discovery

8. The remaining deadlines—including the currently scheduled hearing date of May 17, 2018—and substantive requirements in Procedural Order 7577 remain in effect.

BY THE MONTANA PUBLIC SERVICE COMMISSION

BRAD JOHNSON, Chairman
TRAVIS KAVULLA, Vice Chairman
ROGER KOOPMAN, Commissioner
BOB LAKE, Commissioner
TONY O'DONNELL, Commissioner

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the Notice of Additional Issues issued on February 21, 2018 in Docket D2017.9.71 was served upon the following, by mailing a true and correct copy, via first class mail, on the 21st day of February, 2018, addressed as follows:

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