



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250  
(360) 664-1160 • TTY (360) 586-8203

July 30, 2018

Sent via email: [rchase@spokanecounty.org](mailto:rchase@spokanecounty.org)

Robert Chase  
Treasurer of Spokane County  
1116 W. Broadway Avenue  
Spokane, WA 99262

Re: Your letter of July 23, 2018

Dear Mr. Chase,

I am the Executive Director and Secretary of the Washington State Utilities and Transportation Commission (Commission). Your letter of July 23, 2018, was forwarded to me by the Washington State Attorney General's Office.

In your letter you express concern with the recent developments in Ontario, Canada, which have led to the resignation of Hydro One Limited's board and the retirement of its CEO earlier this month. You have addressed the Commission because the Commission is considering an application by Hydro One to acquire Avista Corporation, which provides electric and natural gas distribution service in Spokane County. I understand that you serve as treasurer of Spokane County, and that you are concerned about potential effects on electric rates and reliability and about any ability of the government of Ontario to influence Avista's delivery of electricity in your county. In an attachment to your letter you request coordination with the Commission regarding the proposed merger and you "invoke the full coordination process as provided by the National Environmental Policy Act and the implementing regulations issued by the Council on Environmental Quality, by the language of the Federal Land Policy and Management Act and implementing regulations, and by all the statutes and case decisions relating to coordination and use of natural resources."

The Legislature has tasked the Commission with reviewing the proposed sale or purchase of the utilities under its regulatory jurisdiction. To fulfill this mandate in a filing such as the merger application of Hydro One and Avista, the Commission conducts a full administrative process. This process incorporates the analysis of the proposed transaction by the Commission's regulatory staff, participation of statutory and intervenor parties in all stages of an adjudicative proceeding, and the input of the public. In this case, nine different parties representing the

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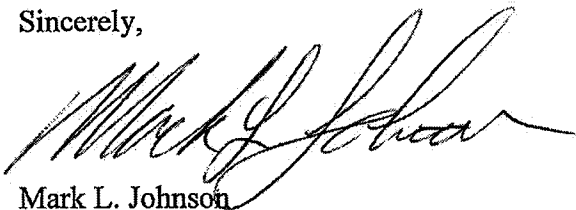
interests of residential customers, industrial customers, low-income customers, environmental groups, and organized labor, as well as the Commission's regulatory staff, have participated in the proceedings. The parties have analyzed the materials filed in support of the application for merger, propounded and reviewed discovery, and negotiated commitments from the applicants. The Commission's adjudicative process has included an evidentiary hearing, in which the Commission took testimony from and questioned witnesses from the applicants and all of the other parties. In addition, the Commission has conducted four public comment hearings in different communities located in Avista's service territory, and has also received a number of written comments from members of the public. These public comments are part of the record before the Commission.

As you may be aware, the Commission took immediate note of the news of the Hydro One leadership developments. The day after the news broke, the Commission issued a "Notice of Intent to Conduct Additional Process." In its notice, the Commission required the applicants and invited the other parties to file comments and recommendations on additional process. Following receipt of those comments, the Commission extended the time for its review of the transaction another four months, the maximum time allowed under the law.

Consideration of the application of Hydro One and Avista for merger approval does not involve federal lands or projects or processes subject to the Federal Land Policy and Management Act or the National Environmental Policy Act; nor does it necessitate review under the State Environmental Policy Act. The coordination process that you reference is not part of this proceeding. As I have described above, the Commission has a robust public comment process in addition to its adjudicative process. Through these established processes, the Commission can gather a broad range of information not only from litigants but, through the public comment process, from utility customers, from elected and appointed officials in the utility's service territory, and from all of the people and entities who are interested in this proceeding.

Your concerns are valued, and I will forward a copy of your letter to the Commission's public involvement specialist as a public comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark L. Johnson", with a stylized flourish at the end.

Mark L. Johnson  
Executive Director  
Washington Utilities and Transportation Commission

Cc: Andrew Roberts, Regulatory Analyst, Consumer Protection and Safety Division