



## Hydro One and Avista file a Settlement Agreement in Washington Merger Case

March 27, 2018

TORONTO and SPOKANE, Wash., March 27, 2018 (GLOBE NEWSWIRE) -- Hydro One Limited ("Hydro One") (TSX: [H](#)) and Avista Corporation ("Avista") (NYSE: [AVA](#)) today announced the achievement of an important milestone in the regulatory approval process of their proposed merger. The companies have filed an all-parties, all-issues settlement agreement in the merger proceeding before the Washington Utilities and Transportation Commission (the "Commission"). This represents a full settlement which all parties, including Commission Staff, have agreed is in the public interest and should be accepted by the Commission.

"I would like to thank all the parties that worked together to reach this significant milestone," said Mayo Schmidt, President and CEO, Hydro One. "This positive step forward speaks to the long-term benefits of the union of Hydro One and Avista for customers, communities, employees and shareholders."

"We believe this settlement agreement represents a positive outcome that is broadly supported by the parties and meets the net benefit standard for approval in Washington," Avista Chairman and Chief Executive Officer Scott L. Morris said. "The settlement agreement reinforces the commitments we've made to our stakeholders to keep our headquarters in Spokane, maintain local decision-making, increase our charitable contributions and continue to support economic development, innovation and community involvement. The partnership with Hydro One will not result in the elimination of jobs or other cost-cutting that may affect customer service. We're confident this settlement agreement enhances our ability to provide exceptional service and support to our customers and communities well into the future."

The settlement includes financial and non-financial commitments. No costs associated with the transaction will be recovered from Avista or Hydro One customers. The September 2017 applications for state regulatory approval of the merger included a rate credit of approximately US\$32 million over a 10-year period across Washington, Oregon and Idaho. This amounted to an allocation of an approximately US\$20 million rate credit in Washington. The settlement, if approved, would result in the allocation to Washington of a rate credit of approximately US\$31 million over a 5-year period. In the settlement, Hydro One and Avista have also agreed to a number of other financial commitments, such as funding for low income participation in new renewables and the replacement of manufactured homes. As a result of the settlement, financial commitments in Washington total approximately US\$44 million. While negotiations with parties in the other states are still underway and will be resolved on a state-by-state basis, if the financial commitments in the Washington settlement were to be proportionally allocated to the other states, the total amount of financial commitments would be approximately US\$74 million, which includes a commitment to an additional US\$1 million rate credit in Alaska.

These settlement negotiations are a typical part of the regulatory process. The final settlement confirms our commitment to customers, long-term environmental protections and community investment. Please refer to [www.utc.wa.gov](http://www.utc.wa.gov) for the joint applications and settlement agreement (which includes the complete list of commitments).

The settlement agreement is subject to Commission approval. The Commission Staff's recommendation that the Commission approve the settlement agreement is not binding on the Commission itself.

In addition to Hydro One, Avista and Commission Staff, the parties to the merger proceeding include the Public Counsel Unit of the Washington Office of Attorney General, The Energy Project, NW Energy Coalition, Renewable Northwest, Natural Resources Defense Council, Sierra Club, the Washington and Northern Idaho District Council of Laborers, the Northwest Industrial Gas Users and the Industrial Customers of Northwest Utilities.

The transaction received approval from the Federal Energy Regulatory Commission on January 16, 2018 and from Avista shareholders on November 21, 2017. Hydro One and Avista continue to anticipate closing the transaction in the second half of 2018.

Applications for regulatory approval of the transaction are still pending with utility commissions in Washington, Idaho, Oregon, Montana and Alaska. Approval must be obtained from the Federal Communications Commission. Also required is clearance by the Committee on Foreign Investment in the United States, and compliance with applicable requirements under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, as well as the satisfaction of other customary closing conditions.

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### **About Hydro One Limited**

We are Ontario's largest electricity transmission and distribution provider with more than 1.3 million valued customers, over C\$25 billion in assets and 2017 annual revenues of nearly C\$6 billion. Our team of over 7,400 skilled and dedicated regular and non-regular employees proudly and safely serves suburban, rural and remote communities across Ontario through our 30,000 circuit km of high-voltage transmission and 123,000 circuit km of primary distribution networks. Hydro One is committed to the communities we serve, and has been rated as the top utility in Canada for its corporate citizenship, sustainability, and diversity initiatives. We are one of only five utility companies in Canada to achieve the Sustainable Electricity Company designation from the Canadian Electricity Association. We also provide advanced broadband telecommunications services on a wholesale basis utilizing our extensive fibre optic network. Hydro One Limited's common shares are listed on the Toronto Stock Exchange (TSX:[H](#)).

### **Forward-Looking Statements and Information**

This press release and the joint application and settlement agreement to which it refers may contain "forward-looking information" within the meaning of applicable securities laws. Words such as "expect," "anticipate," "intend," "attempt," "may," "plan," "will," "can," "believe," "seek," "estimate," and variations of such words and similar expressions are intended to identify such forward-looking information. These statements are not guarantees of future performance or actions and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking information. Some of the factors that could cause actual results or outcomes to differ materially from the results expressed, implied or forecasted by such forward-looking information, including some of the assumptions used in making such statements, are discussed more fully in Hydro One's filings with the securities regulatory authorities in Canada, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Hydro One does not intend, and it disclaims any obligation, to update any forward-looking information, except as required by law.

### **About Avista Corporation**

Avista Corporation is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. [Avista Utilities](#) is our operating division that provides electric service to 382,000 customers and natural gas to 347,000 customers. Its service territory covers 30,000 square miles in eastern Washington, northern Idaho and parts of southern and eastern Oregon, with a population of 1.6 million. Alaska Energy and Resources Company is an Avista subsidiary that provides retail electric service in the city and borough of Juneau, Alaska, through its subsidiary [Alaska Electric Light and Power Company](#). Avista stock is traded under the ticker symbol "AVA." For more information about Avista, please visit [www.myAvista.com](http://www.myAvista.com).

This news release contains forward-looking statements regarding the company's current expectations. Forward-looking statements are all statements other than historical facts. Such statements speak only as of the date of the news release and are subject to a variety of risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the expectations. These risks and uncertainties include, in addition to those discussed herein, all of the factors discussed in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2017 and the Quarterly Report on Form 10-Q for the quarter ended Dec. 31, 2017.