

April 16, 2018

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Public Utility Commission of Oregon
201 High Street SE
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Re: Docket No. UM 1897- In the Matter of HYDRO ONE LIMITED, Application for Authority to Exercise Substantial Influence over the Policies and Actions of AVISTA CORPORATION -- ERRATA FOR EXHIBIT 801

Attention: Oregon Commission Secretary:

Enclosed for filing in the above captioned proceeding, please find errata pages to Exhibit 801 of Mayo Schmidt's Rebuttal Testimony on behalf of Hydro One.

This filing (a) corrects the reference to the merger commitments covered by Commitment 1 on page 1 of 21 of Exhibit 801, (b) corrects the reference to the labor organization identified in Commitment 60 on page 17 of 21 of Exhibit 801, and (c) revises Attachment B on page 21 of 21 of Exhibit 801 to reflect the final language of the settlement between Avista, Hydro One, and the labor organization. Because Exhibit 801 originally was a redline document, the redlines added as part of the errata are highlighted in yellow for ease of reference.


If you have any questions, please do not hesitate to contact David Meyer on behalf of Avista Corporation at 509-495-4316 or david.meyer@avistacorp.com or Elizabeth Thomas on behalf of Hydro One Limited, at 206-370-7631 or liz.thomas@klgates.com or Kari Vander Stoep on behalf of Hydro One Limited, at 206-370-7804 or kari.vanderstoep@klgates.com.

RESPECTFULLY SUBMITTED this 16th day of April, 2018.

K&L GATES LLP on Behalf of Hydro One
Limited and Olympus Equity LLC

AVISTA CORPORATION

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cc: Parties

PROPOSED REVISED OREGON MASTER LIST OF COMMITMENTS

Introductory Note: With this transaction Avista - unlike most merger targets - will retain control over its own operations through a governance structure that preserves the authority and independence of Avista's board and management. Accordingly, Avista itself will be directly fulfilling the vast bulk of merger commitments. In the revisions proposed below, we have tried to clarify this arrangement, to indicate Hydro One's acceptance of the conditions, and to respond to various issues that were raised in the pre-filed testimony of OPUC Staff and Intervenors.

Reservation of Certain Authority to the Avista Board of Directors ~~[See Direct Testimony of Morris/Schmidt/Christie/Pugliese]~~

1. Consistent with and subject to the terms of Exhibits A and B to the Merger Agreement (referred to as "Delegation of Authority") contained in Appendix 5 of the Joint Application, decision-making authority over commitments 2-15 below is reserved to the Board of Directors of Avista Corporation ("Avista") and ~~any~~ not to Hydro One. Any change to the policies stated in commitments 2-15 requires a two-thirds (2/3) vote of the Avista Board: including the affirmative vote of at least one (1) Avista Designee, one (1) Hydro One Designee (exclusive of Independent Directors) and two (2) Independent Directors as defined in Commitment 3. Any change at any time to commitments 1, 2, 3, 7, 8, 10 or 15 as well as any change to Commitments 16-6155 also requires Commission approval.

Governance

2. **Executive Management:** Avista will seek to retain all current executive management of Avista, subject to voluntary retirements that may occur. This commitment will not limit Avista's ability to determine its organizational structure and select and retain personnel best able to meet Avista's needs over time. The Avista board retains the ability to dismiss executive management of Avista and other Avista personnel for standard corporate reasons (subject to the approval of Hydro One Limited ("Hydro One") for any hiring, dismissal or replacement of the CEO);
3. **Board of Directors:** After the closing of the Proposed Transaction, Avista's board will consist of nine (9) members, determined as follows: (i) two (2) directors designated by Hydro One who are executives of Hydro One or any of its subsidiaries; (ii) three (3) directors who ~~are not officers, employees or directors (other than as an independent director of Avista or Olympus Equity LLC) of Hydro One or any of its affiliates~~ meet the standards for "independent directors" under section 303A.02 of the New York Stock Exchange Listed Company Manual (the "Independent Directors") and who are residents of the Pacific Northwest region, to be designated by Hydro One (collectively, the directors designated in clauses (i) and (ii) hereof, the "Hydro One Designees"), subject to the provisions of Clause 2 of Exhibit A to the Merger Agreement; (iii) three (3) directors who as of immediately prior to the closing of the Proposed Transaction¹ are members of the Board of Directors of Avista, including the Chairman of Avista's Board of Directors (if such person is different from the Chief Executive Officer of Avista); and (iv) Avista's Chief Executive Officer (collectively, the directors designated in clauses (iii) and (iv) hereof, the "Avista Designees"). The initial Chairman of Avista's post-closing Board of Directors shall be the Chief Executive Officer of Avista as of the time immediately prior to closing for a one year term. If any Avista Designee resigns, retires or otherwise ceases to serve as a director of Avista for any reason, the remaining Avista Designees shall have the

¹ "Proposed Transaction" means the transaction proposed in the Joint Application of Avista and Hydro One filed on September 14, 2017.

Oregon in relation to its corresponding total company business function. Accordingly, commitments should be allocated among Avista's WA, ID and OR jurisdictions based on the following: 1) Rate Credit is allocated based on base revenues; 2) all other financial commitments are allocated using the Company's jurisdictional "four factor" allocation methodology, routinely employed for purposes of allocating common costs, as discussed in Mr. Ehrbar's testimony in this proceeding.

Miscellaneous

60. **Contract Labor Issues:** Avista agrees to resolve all issues in this proceeding that pertain to the Oregon and Southern Idaho District Council of Laborers ~~LiUNA District Council District Council~~ on terms set forth in Attachment B.

61. **On Bill Repayment:** Hydro One will arrange funding of the approximately \$100,000 (system basis) initial investment in software upgrades and \$5,000 in administrative costs to implement an on-bill repayment program. Under no circumstance, will the rate payer population be responsible for any default related to the OBRP¹².

¹² OBRP is a pass-through billing service for energy efficiency loans, where Avista would collect loan payments on customers' bills then transmit the sum monthly to the third-party lender. Only non-profit lenders would be eligible, offering low rates for energy efficiency loans. The lender has no ability to shut off power (due to non-payment) and all lending activity is managed separate from the utility, where the lender:

- Provides all capital, bears full risk
- Manages delinquent files and collections off-bill
- Handles loans/balances separate from utility financial systems
- Meets consumer lending regulatory requirements.

AVISTA/HYDRO ONE
Attachment B

- 1) On a prospective basis, and for a period of 10 years ending March 7, 2028, Avista will require the use of ~~LiUNA-Oregon and Southern Idaho District Council~~ of Laborers,' including any future successor organization, ("OSIDCL") members for the type of work that is ordinarily and customarily performed by ~~LiUNA District Council~~ OSIDCL on natural gas replacement and all natural gas work. -This will not apply to work performed under contracts already in effect as of March 7, 2018. -This agreement will not apply to (a) atmospheric corrosion; (b) locating; and (c) leak survey.- This agreement will also not apply to work performed where signatory contractors are not available (unavailability is typically due to locations being in remote areas), or choose not to bid on projects; provided that work performed in such areas will be paid at equivalent wages and benefits.
- 2) On a prospective basis, and for a period of 10 years ending March 7, 2028, Avista will require the use of ~~LiUNA District Council~~ OSIDCL members for all flagging work, unless otherwise performed by Avista employees represented by IBEW Local 77659. This will not apply to work performed under contracts already in effect as of March 7, 2018.
- 3) ~~LiUNA District Council~~ OSIDCL will provide for signatory contractors laborers OSIDCL members that are qualified pursuant to applicable OSHA 1910 regulations and all other applicable training. In addition ~~LiUNA District Council~~ OSIDCL will provide ~~LiUNA District Council~~ OSIDCL members knowledgeable in the DOT Title 49 Code of Federal Regulations, Part 192, and all applicable state pipeline safety regulations.- Contractors shall be required to provide proof of compliance with this requirement to Avista.
- 4) On a prospective basis, Avista will require contractors to utilize ~~NWLETT Oregon and Southern Idaho Laborers-Employers Training Trust ("OSILETT")~~ for required training, if applicable courses are offered by ~~NWLETT~~ OSILETT and are reasonably accessible in the locality where the work is to be performed.
- 5) Avista will meet and confer with ~~LiUNA District Council~~ OSIDCL to discuss possible involvement in all future hydroelectric projects that are within the sphere of ~~LiUNA District Council's~~ OSIDCL expertise.
- 6) Avista will encourage contractors to utilize union labor, including, without limitation and as applicable, members of ~~the Laborers'~~ OSIDCL, Pipefitters and Steamfitters, and IBEW, on Avista projects as part of its bidding solicitation process on all other construction work, including but not limited to capital work on hydro facilities, and will evaluate the use of such members in the staffing plans of bidding contractors as an element of Avista's bid evaluation process.
- 7) Avista will continue to prioritize the hiring of qualified contractor personnel through the bidding process, by requiring analysis of not only the price proposals submitted by contractors, but a variety of other factors, including minimum staffing requirements as applicable, training programs, documented qualification programs, safety track records, OSHA 300 reportables, and other safety records as appropriate. -Review of these components is intended to verify that the contractor is able to supply a sufficient workforce to meet Avista's needs, and that their personnel are appropriately trained, qualified and able to safely and reliably perform work for Avista.
- 8) Work covered by these commitments does not include any work that is customarily performed by Avista employees represented by IBEW Local 77659 but that is contracted out pursuant to the IBEW Local 77's 659 collective bargaining agreement with Avista.- It also does not include any work that is performed by Avista employees, regardless of the type of work involved.
- 9) Avista will meet and confer with ~~LiUNA District Council~~ OSIDCL at least six months prior to March 7, 2028 to discuss extending or modifying the terms set forth herein.