

Facts about the proposed merger of Avista with Hydro One

On July 19, 2017, it was announced that Avista would engage in a unique partnership and join with Hydro One, Ontario's largest electricity transmission and distribution provider.

A partnership for the future

The utility industry is undergoing transformational change, and consolidation is changing the playing field for smaller utilities like ours. The decision to team up with Hydro One at a time of strength and growth for our company is a unique opportunity to secure a partnership that preserves our identity and strong legacy while allowing us to continue to define and control, to a significant degree, our future operations in an industry that requires increasing scale to compete most effectively.

A strong partner in Hydro One

Hydro One is a strong partner that shares a similar culture, values and deep commitment to its stakeholders. Hydro One is five times the size of Avista in terms of market capitalization, expanding the financial capacity of the combined company to make additional investments to benefit customers.

Like Avista, Hydro One is committed to the communities it serves and has been rated as the top utility in Canada for its corporate citizenship, sustainability and diversity initiatives.

What customers and communities can expect

While this would change Avista's ownership structure, our customers, communities and employees can expect business as usual. What does this look like?

- High quality, reliable energy at a reasonable cost
- Continued operation as a standalone company led by a Board of Directors with significant Pacific Northwest representation
- Ongoing community involvement and economic development
- Increased charitable giving, nearly doubling our current levels of community contributions and an additional \$2 million annual contribution to the Avista Foundation, following a one-time contribution of \$7 million
- Headquarters in Spokane and maintained presence in the communities across our service area. The same faces in the same places.
- Rate credits provided to customers once the merger is approved by the utility commissions

Ongoing regulatory oversight

Avista will continue to be regulated by utility commissions in each state and will continue to operate under those commissions' rules. The utility commissions, not Hydro One, will continue to set Avista's rates, and they will ensure that the money Avista customers pay for their energy is related to Avista's costs to provide service. Governments in Canada do not have jurisdiction over Avista or our customers. No Canadian law will be applied to Avista or its operations. Avista will continue to abide by U.S. laws and regulations, and will continue be regulated by its current Federal agencies, including FERC and NERC.

For more on the merger and status of the approval process, visit www.myavista.com/hydroone.

