

1 **I. BACKGROUND.**

2 On November 21, 2017, the Applicants filed their Joint Application for
3 Authorization to Acquire a Controlling Interest in Alaska Electric Light and Power Company
4 (“Application”). After all required approvals are obtained, Avista will be a direct, wholly-owned
5 subsidiary of Olympus Equity LLC and an indirect, wholly-owned subsidiary of Hydro One
6 (collectively, these transactions are referred to herein as the “Proposed Transaction”). The
7 Proposed Transaction will implement an Agreement and Plan of Merger, dated July 19, 2017
8 (“Merger Agreement”) among Hydro One, two of its wholly-owned subsidiaries, and Avista.
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10 The Commission issued public notice of the Application and received public
11 comments. On December 11, 2017, and February 6, 2018, the Applicants filed replies to the
12 public comments. On February 27, 2018, the Commission held a public conference in Juneau at
13 which it received additional comments from the public and responses from the Applicants. On
14 March 9, 2018, the Commission issued Order No. U-17-097(3), which among other things
15 granted CBJ’s petition to intervene in this docket.

16 On March 23, 2018, the Applicants submitted prefiled direct testimony and
17 supporting exhibits for the following witnesses: Mayo M. Schmidt and Christopher F. Lopez
18 (Hydro One), and Dennis P. Vermillion and Mark T. Thies (Avista). CBJ propounded discovery
19 requests on the Applicants, and the Applicants responded to those requests.
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21 The Parties and their counsel have conferred regarding issues in dispute among
22 them, exchanged and reviewed additional information, and have reached compromises that
23 resolve all disputed issues in this docket. This Stipulation memorializes that resolution.
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1 **II. RESOLUTION OF ISSUES.**

2 The Parties agree as follows:

3 **A. Approval of Application.**

4 The Application should be approved without any substantive conditions, other
5 than those set forth in this Stipulation.

6 **B. Applicants' Commitments.**

7 Effective upon final closing of the Proposed Transaction, the Applicants agree to
8 perform, or cause to be performed by others as applicable (e.g., by Alaska Electric Light and
9 Power Company ("AELP")), all of the commitments set forth in Exhibit 1.

10 **C. Biennial AELP System and Planning Presentations.**

11 By April 1 of each even-numbered year (beginning in 2020), AELP shall present
12 to the Juneau public a summary of AELP's current and projected customer electric loads, utility
13 resources, and utility operations. AELP shall invite, review, and consider comments from the
14 public regarding the issues addressed in the presentation. At a minimum, such presentations
15 shall address:

16 1. Current electric customer loads within AELP's service area and projected
17 customer loads over the next 10 years.

18 2. AELP's current generation, transmission, and distribution systems.

19 3. Significant utility system additions and retirements since the previous
20 presentation.

21 4. AELP's electric service reliability statistics.
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1 5. AELP’s current average electric rates compared to those of other
2 significant Alaska electric utilities.

3 6. AELP’s current and planned efforts and programs relating to providing
4 information to customers about, and encouraging, the safe and efficient use of electricity,
5 including cost-effective electricity conservation measures.

6 7. AELP’s current electric vehicle (“EV”) charging services and any
7 significant planned changes or expansions of AELP’s EV charging services, including any
8 planned new EV charging stations.

9 8. Significant planned additions to, and retirements of, AELP’s electric
10 generation, transmission, and distribution assets, including a separate discussion of any planned
11 additions to, and retirements of, stand-by or emergency generation resources.

12 9. Significant planned efforts or programs related to implementation of
13 advanced electric utility technology measures, such as automated meter reading (“AMR”), light-
14 emitting diode (“LED”) street or area lighting, etc.

15 10. Any significant planned changes to AELP’s electric service offerings.

16 11. Any significant planned changes to AELP’s customer service facilities,
17 operations, practices, or requirements.
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19 **D. Snettisham Option Agreement.**

20 1. The Applicants agree that approval of the Application will not change or
21 alter any of the parties, rights, obligations, or Commission approval requirements associated with
22 the Snettisham Option Agreement dated August 18, 1998 (“Snettisham Option Agreement”).

23 For example, the Applicants agree that the Proposed Transaction will not expressly, or by
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1 implication, convey or otherwise transfer Snettisham Electric Company's ("SEC's") contractual
2 rights or interest in the Snettisham Option Agreement to Hydro One (or to any other entity) as a
3 "permitted successor" under Section 4 of the Snettisham Option Agreement.

4 2. The Applicants agree that if SEC ever proposes to exercise its purchase
5 option under the Snettisham Option Agreement, SEC will be required to request prior
6 Commission approval of the transfer of the Alaska Industrial Development and Export
7 Authority's ("AIDEA's") Snettisham Hydroelectric Project ("Snettisham") Certificate of Public
8 Convenience and Necessity ("CPCN"), or Commission approval of a new CPCN, for the sale of
9 Snettisham output, and such request will require a demonstration that the CPCN transfer or new
10 CPCN is in the public interest.

11 3. If SEC files with the Commission an application for acquisition of
12 AIDEA's Snettisham CPCN or an application for a new CPCN to own Snettisham, it will on the
13 date of filing provide a copy of the complete application to the CBJ Municipal Manager's office.

14 **E. AELP Interconnection Process.**

15 Exhibit 2 contains proposed AELP tariff sheets setting forth a summary of
16 AELP's 15-step interconnection review process applicable to proposed generators having a
17 nameplate capacity of 5,000 kVA or greater. The Parties agree that those tariff sheets should be
18 approved in this docket effective upon the final closing date of the Proposed Transaction.
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20 **F. Notice of Closing of Proposed Transaction.**

21 Within ten days after the closing of the Proposed Transaction contemplated by the
22 Merger Agreement, Hydro One shall file with the Commission, and serve on CBJ, a notice
23 confirming completion of the closing and stating the final closing date.
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III. EVIDENTIARY SUPPORT FOR STIPULATION.

Evidentiary support for this Stipulation is provided by the Application, public comments filed in this docket, the Applicants’ replies to public comments, oral comments and responses provided at the February 27, 2018, public conference, the prefiled testimony and supporting exhibits described in Section I, and this Stipulation and its supporting exhibits.

IV. THE PUBLIC INTEREST.

Under AS 42.05.191, “the commission may, without a hearing, issue an order approving any settlement supported by all the parties of record in a proceeding, including a compromise settlement.” Under 3 AAC 48.166, parties “may stipulate among themselves to the disposition of a proceeding or to the disposition of outstanding issues in a proceeding” and “the parties are bound by the terms of the stipulation if the commission accepts it.” Under 3 AAC 48.090(d)(2), a “proceeding may be terminated by filing a stipulation agreed to by all parties of record provided the commission does not find that the public interest requires the proceeding to continue.”

In light of these standards, the Parties agree that the public interest does not require this proceeding to continue and that acceptance of this Stipulation is in the public interest. Specifically, the Parties agree:

A. Acceptance of this Stipulation will conserve valuable resources of the Parties, including the expenditure of time and funds that would otherwise be required to proceed through hearing regarding the disputed issues.

1 B. Acceptance of this Stipulation will allow the Parties to avoid the uncertainty of
2 litigation.

3 C. Acceptance of this Stipulation will conserve Commission resources by allowing it
4 to avoid conducting a hearing regarding the disputed issues; adjudicating disputed facts, policy,
5 or law; and stating and supporting its findings and conclusions in a written order.

6 D. Acceptance of this Stipulation is consistent with the Commission's prior
7 determinations that settlements should be encouraged, and litigation should be avoided when
8 possible.²

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11 **V. GENERAL CONDITIONS.**

12 A. The stipulated provisions set forth in Section II represent compromises among the
13 Parties regarding substantive disputes at issue in this proceeding for the sole purpose of resolving
14 those issues. Except as otherwise expressly provided herein, this Stipulation is binding on the
15 Parties for the purposes of this docket only; it shall have no precedential effect; and it shall not
16 be cited, offered, or admitted in any other proceeding as substantive evidence.

17 B. The validity and enforceability of the agreements contained in this Stipulation are
18 conditioned on the Commission's acceptance of this Stipulation in its entirety and without the
19 imposition of additional conditions. If the Commission does not accept this Stipulation in its
20 entirety or imposes additional conditions, any Party may withdraw from this Stipulation.
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22 _____
23 ² See Order No. P-11-014(1) (ENSTAR Complaint v. KNPL) (Aug. 19, 2011) at 3;
24 Order No. P-09-014(2) (KKPL Rate Case) (Feb. 5, 2010) at 4-5; Order No. U-06-134(15)
25 (Chugach Rate Case) (Aug. 9, 2007) at 5; Order No. P-03-012(21) (KKPL Rate Case)
(May 25, 2005) at 7; Order No. U-05-020(7) (Agrium Complaint v. CIGGS) (Jun. 24, 2005) at 3;
Order No. P-91-002(26) (KPL Rate Case) (Jun. 3, 1994) at 2.

1 C. If any Party withdraws from this Stipulation pursuant to Subsection V.B above,
2 the Parties reserve the right to present evidence to support all of their positions at a public
3 hearing as if this Stipulation had not been entered into. If this occurs, this Stipulation may not be
4 entered into evidence, and no Party may use this Stipulation or any part of it in this or any other
5 proceeding.

6 D. Nothing in this Stipulation is intended to, or shall, limit the Commission's powers
7 as conferred by statute or bind the Commission in future proceedings to any position it accepts in
8 this Stipulation.
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11 **VI. CONCLUSION.**

12 The Parties request that the Commission accept this Stipulation in its entirety. As
13 provided for in 3 AAC 48.166, the Parties request that the Commission issue its decision
14 regarding this Stipulation within 30 days. If the Commission accepts this Stipulation, additional
15 discovery, prefiled responsive and reply testimony, and an evidentiary hearing will be
16 unnecessary. To allow the Parties to avoid the cost and burden of preparing for and conducting
17 such procedures while the Commission's decision regarding this Stipulation is pending, the
18 Parties request that the Commission vacate the remaining filing due dates and the public hearing
19 currently scheduled to begin on April 30, 2018. Because CBJ's prefiled responsive testimony is
20 currently due April 6, 2018, the Parties request that the Commission rule on vacation of the
21 remaining filing due dates and hearing as soon as possible.
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1 RESPECTFULLY SUBMITTED this 3rd day of April, 2018.

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3 Attorneys for Hydro One Limited

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10 CERTIFICATE OF SERVICE

11 I hereby certify that on April 3, 2018, a copy of the foregoing document was
12 served on the following persons by electronic means authorized by the Regulatory Commission
13 of Alaska.

14 KEMPPPEL, HUFFMAN AND ELLIS, P.C.
15 By: /s/ Tina M. Torrey
16 Tina M. Torrey, Legal Assistant

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26 STIPULATION RESOLVING DISPUTED ISSUES
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Exhibit 1

HYDRO ONE/AVISTA LIST OF COMMITMENTS

1. The Proposed Transaction will not alter the direct ownership of AELP by AERC or the direct ownership of AERC by Avista, or any aspect of AELP's management, operations, facilities, financing, services, rates, or tariffs.

2. Consistent with past practice, AELP will continue to operate independently from Avista and Hydro One, under the same experienced management team and employees as existed prior to the Proposed Transaction.

3. AELP employee compensation and benefits levels will be maintained for a period of three years and will be no less favorable than the current compensation and benefits, in the aggregate.

4. AELP will not seek to recover in rates (a) any premium or acquisition adjustment associated with the Proposed Transaction, or (b) any transaction costs associated with the Proposed Transaction.

5. Hydro One, Avista, and AELP affirm the commitment to adhere to the affiliated interest transaction cost assignment and allocation methodology that was reviewed in Docket U-13-197. Specifically, to the extent Avista or Hydro One employees dedicate time or otherwise incur costs in the future related to the operation of AELP, those costs will be directly assigned to AELP and will be included in the proposed revenue requirement in future AELP rate cases. Those costs are expected to be relatively small since AELP will continue to be operated by the existing employees, including the existing management team. Any Avista or Hydro One costs charged to AELP will be subject to review by the RCA and potential disallowance from AELP rates under applicable affiliated interest transaction statutes, regulations, and RCA precedent. Likewise, should AELP employees dedicate time or otherwise incur costs related to Avista or Hydro One utility operations, such costs will be directly assigned to Avista or Hydro One. In the future, should there be a consolidation of certain utility functions among Hydro One, Avista, and AELP, it may be appropriate for some form of cost allocation to occur between the utilities, but any such allocation will be subject to review by the RCA.

6. The Proposed Transaction will not increase AELP rates or revenue requirements.

7. The Proposed Transaction will not impair the ability of AELP to raise necessary capital or to maintain a reasonable capital structure.

8. Avista and the Avista Foundation provide charitable contributions and support for economic development and innovation in AELP's service territory. Since Avista acquired

AERC in 2014, Avista and the Avista Foundation have contributed over \$224,000 to charitable and economic development causes in Juneau. The overall increase in this type of support provided for Avista and the Avista Foundation in the Hydro One/Avista Commitments will also benefit AELP's customers and the Juneau community.

9. AELP will provide a rate credit to AELP customers (if and as approved by the RCA). This credit will be in the amount of \$1 million over 5 years. This amount roughly approximates the per-customer rate credits that the Applicants have committed to in the other jurisdictions. AELP will request RCA approval of the credit as follows: the \$1 million rate credit will be provided to AELP customers through AELP's quarterly COPA calculation. Specifically, AELP's COPA calculation will include a \$50,000 credit entry to the COPA balancing account every quarter (\$200,000 per year and \$1 million over 5 years), beginning with AELP's first COPA filing following RCA approval of the Application and closing of the Proposed Transaction. With that first COPA filing, AELP will file revisions to its COPA tariff sheets (Rate Schedule 98) reflecting these changes.

10. **Executive Management:** AELP will seek to retain all current executive management of AELP, subject to voluntary retirements that may occur. This commitment will not limit AELP's ability to determine its organizational structure and to select and to retain personnel best able to meet AELP's needs over time. The AELP board retains the ability to dismiss executive management of AELP and other AELP personnel for standard corporate reasons.

11. AELP will maintain AELP's brand, and AELP will establish the plan for the operation of its business and any subsidiaries.

12. Consistent with past practice, AELP will continue the development and funding of its and any subsidiaries' innovation activities

13. AELP will honor its labor contracts and has the authority to negotiate, enter into, modify, amend, terminate, or agree to changes in any collective bargaining agreement or any of AELP's other material contracts with any labor organizations, union employees, or their representatives.

14. AELP will maintain its headquarters in Juneau, Alaska and no less of a significant presence in Juneau than what it maintained immediately prior to completion of the Proposed Transaction.

15. AELP will maintain its staffing and presence in the community in which AELP operates at levels sufficient to maintain the provision of safe and reliable service, cost-effective operations, and consistency with pre-acquisition levels.

16. **Community Involvement:** AELP will maintain at least AELP's existing levels of community involvement and support initiatives in its service territories.

17. **Membership Organizations:** AELP will maintain the dues paid by it to various industry trade groups and membership organizations.

18. AELP will maintain its safety and reliability standards and policies and service quality measures in a manner that is substantially comparable to, or better than, those currently maintained.

19. **Treatment of Net Cost Savings:** Any net cost savings that AELP may achieve as a result of the Proposed Transaction will be reflected in subsequent rate proceedings, as such savings materialize.

20. **State Regulatory Authority and Jurisdiction:** Olympus Holding Corp. and its subsidiaries, including Avista and AELP, as appropriate, will comply with all applicable laws, including those pertaining to transfers of property, affiliated interests, and securities and the assumption of obligations and liabilities directly affecting AELP.

21. **Compliance with Existing Commission Orders:** Olympus Holding Corp. and its subsidiaries, including Avista and AELP, acknowledge that all existing orders issued by the RCA with respect to AELP will remain in effect, and are not modified or otherwise affected by the Proposed Transaction.

22. AELP will maintain books and records separate from Hydro One and Avista.

23. **Access to and Maintenance of Books and Records:** In RCA formal adjudicatory dockets (including AELP rate cases) in which AELP is a party, Olympus Holding Corp. and its subsidiaries, including AELP, will provide the RCA, RCA Staff, the Regulatory Affairs and Public Advocacy section of the Attorney General's office ("RAPA"), and other parties reasonable access to the following if and to the extent that they relate to AELP: AELP's books and records; access to financial information and filings; audit rights with respect to the documents supporting any costs that may be allocable to AELP; and access to Avista's and AELP's board minutes, audit reports, and any information provided to credit rating agencies pertaining to AELP.

Olympus Holding Corp. and its subsidiaries, including AELP, will maintain the necessary books and records so as to provide an audit trail for all corporate, affiliate, or subsidiary transactions with AELP, or that result in costs that may be allocable to AELP.

The Proposed Transaction will not result in reduced access to the necessary books and records that relate to transactions with AELP, or that result in costs that may be allocable to AELP. AELP will provide RCA Staff, RAPA, and other parties to regulatory proceedings reasonable access to books and records (including those of Olympus Holding Corp. or any affiliate or subsidiary companies) required to verify or to examine transactions with AELP, or that result in costs that may be allocable to AELP.

Nothing in the Proposed Transaction will limit or affect the RCA's rights with respect to inspection of AELP's accounts, books, papers, and documents, in compliance with all applicable laws. Nothing in the Proposed Transaction will limit or affect the RCA's rights with respect to inspection of Olympus Holding Corp.'s accounts, books, papers and documents pursuant to all applicable laws; provided, that such right to inspection shall be limited to Olympus Holding Corp.'s accounts, books, papers and documents that pertain solely to transactions affecting AELP's regulated utility operations.

Olympus Holding Corp. and its subsidiaries, including AELP, will provide the RCA with access to any written information provided by and to credit rating agencies that pertains to AELP. Olympus Holding Corp. and each of its subsidiaries will also provide the RCA with access to written information provided by and to credit rating agencies that pertains to Olympus Holding Corp.'s subsidiaries to the extent such information may affect AELP.

24. **Ratemaking Cost of Debt and Equity:** AELP will not advocate for a higher cost of debt or equity capital as compared to what AELP's cost of debt or equity capital would have been absent Hydro One's ownership of Avista.

25. **FERC Reporting Requirements:** AELP will continue to meet all applicable FERC reporting requirements (e.g., FERC Form 1) after closing of the Proposed Transaction.

26. **Participation in National and Regional Forums:** AELP will continue to participate, where appropriate, in national, state, and regional forums regarding transmission issues, pricing policies, siting requirements, and interconnection and integration policies, when necessary to protect the interest of its customers.

27. **Treatment of Confidential Information:** Nothing in these commitments will be interpreted as a waiver of Hydro One's, its subsidiaries', Avista's, or AELP's rights to request the confidential treatment of information that is the subject of any of these commitments.

28. **Commission Enforcement of Commitments:** Hydro One and its subsidiaries, including Avista and AELP, understand that the RCA has the authority to enforce these commitments in accordance with their terms. If there is a violation of the terms of these commitments, then the offending party may have a period of thirty (30) calendar days to cure such violation, at the discretion of the RCA.

The scope of this commitment includes the authority of the RCA to compel the attendance of witnesses from Olympus Holding Corp. and its subsidiaries with pertinent information on matters affecting AELP. Olympus Holding Corp. and its subsidiaries waive their rights to interpose any legal objection they might otherwise have to the RCA's jurisdiction to require the appearance of any such witnesses.

29. **Submittal to State Court Jurisdiction for Enforcement of Commission Orders:** Olympus Holding Corp., on its own and its subsidiaries' behalf, including AELP's, will file with the RCA prior to closing the Proposed Transaction an affidavit affirming that it will submit to the jurisdiction of the relevant state courts for enforcement of the RCA's orders adopting these commitments and subsequent orders affecting AELP.

30. **Annual Report on Commitments:** By May 1, 2019 and each May 1 thereafter through May 1, 2023, AELP will file a report with the RCA regarding the implementation of the commitments as of December 31 of the preceding year. The report will, at a minimum, provide a description of the performance of each of the commitments. If any commitment is not being met, relative to the specific terms of the commitment, the report must provide proposed corrective measures and target dates for completion of such measures. AELP will make publicly available at the RCA non-confidential portions of the report.

31. **Commitments Binding:** Hydro One, Olympus Holding Corp. and its subsidiaries, including AELP, acknowledge that the commitments being made by them are binding only upon them and their affiliates where noted, and their successors in interest. The Applicants are not requesting in this proceeding a determination of the prudence, just and reasonable character, rate or ratemaking treatment, or public interest of the investments, expenditures or actions referenced in the commitments, and the parties in appropriate proceedings may take such positions regarding the prudence, just and reasonable character, rate or ratemaking treatment, or public interest of the investments, expenditures or actions as they deem appropriate.

32. **Capital Structure Support:** AELP's parent company will provide equity if and as necessary to support AELP's capital structure that is designed to allow AELP access to debt financing under reasonable terms and on a sustainable basis.

33. **Utility-Level Debt and Preferred Stock:** AELP will maintain separate debt and preferred stock, if any, to support its utility operations.

34. **Compliance with the Sarbanes-Oxley Act:** Following the closing of the Proposed Transaction, AELP will comply with the applicable requirements of the Sarbanes-Oxley Act.

35. **Restriction on Pledge of Utility Assets:** AELP will not agree to any AELP loans or pledges of utility assets to Hydro One, Olympus Holding Corp., or any of their subsidiaries or affiliates, without RCA approval.

36. **Hold Harmless; Notice to Lenders; Restriction on Acquisitions and Dispositions:**

- a. AELP will generally hold AELP customers harmless from any business and financial risk exposures associated with Olympus Holding Corp., Hydro One, and Hydro One's other affiliates.
- b. Pursuant to this commitment, AELP, Avista, and Olympus Holding Corp. will file with the RCA, prior to closing of the Proposed Transaction, a form of notice to prospective lenders describing the ring-fencing provisions included in the Hydro One/Avista Master List of Commitments, stating that these provisions provide no recourse to AELP assets as collateral or security for debt issued by Hydro One or any of its subsidiaries, other than AELP.
- c. In furtherance of this commitment:
 - (i) AELP commits that AELP's regulated utility customers will be held harmless from the liabilities of any unregulated activity of AELP, Avista, or Hydro One and its affiliates. In any proceeding before the RCA involving rates of AELP, the fair rate of return for AELP will be determined without regard to any adverse consequences that are demonstrated to be attributable to unregulated activities. Measures providing for separate financial and accounting treatment will be established for each unregulated activity.
 - (ii) Olympus Holding Corp., Avista, and AELP will notify the RCA subsequent to Olympus Holding Corp.'s board approval and as soon as practicable following any public announcement of the change in effective control or acquisition of any material part of

Avista or AELP by any other firm, whether by merger, combination, transfer of stock or assets. Notice pursuant to this provision is not and will not be deemed an admission or expansion of the RCA's authority or jurisdiction over any transaction or in any matter or proceeding whatsoever.

Within sixty (60) days following the notice required by this subsection (c)(ii), AELP, Avista and Olympus Holding Corp. or its subsidiaries, as appropriate, will seek any required RCA approval of any sale or transfer of AELP's certificate of public convenience and necessity or of the acquisition of a controlling interest in AELP.

- (iii) AELP, Avista, and Olympus Holding Corp. will not assert in any future proceedings that, by virtue of the Proposed Transaction and the resulting corporate structure, the RCA is without jurisdiction over any acquisition of a controlling interest in AELP.

d. If and when AELP becomes a subsidiary of Hydro One or one of its subsidiaries other than Avista, AELP and Avista will so advise the Commission within thirty (30) days and will request RCA approval for such transaction.

37. **No Amendment of Ring-Fencing Provisions:** Olympus Holding Corp., Avista, and AELP commit that no material amendments, revisions or modifications will be made to the ring-fencing provisions as specified in these Alaska/AELP-specific commitments without prior RCA approval, pursuant to a limited re-opener for the sole purpose of addressing the ring-fencing provisions.

38. **Greenhouse Gas Inventory Report:** AELP will comply with any applicable requirements regarding the reporting of greenhouse gas emissions.

39. **Addressing Other Low-Income Customer Issues:** AELP will continue to refer low-income customers to agencies that may provide electric bill payment assistance.

Exhibit 2

(The attached sheets are intentionally not numbered)

RULES AND REGULATIONS

4.2 Interconnection Review Process for Generators $\geq 5,000$ kVA

The Company’s review process for interconnection requests by generators having a nameplate capacity of 5,000 kVA or greater is as set forth below.

Generator Interconnection Request Flow Chart ($\geq 5,000$ kVA)



Tariff Advice No. _____ Pursuant to Order No. U-17-097(____) Effective: _____

By: _____

Title: General Manager

Step 1 - An Interconnection Customer shall submit to AELP an Interconnection Request.

Step 2 - AELP will review the interconnection request for completeness and acknowledge receipt to the Customer identifying any deficiencies.

Step 3 - AELP will schedule a Scoping Meeting to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection.

Step 4 - AELP will provide the Customer an Interconnection Feasibility Study Agreement with an estimate of study cost.

Step 5 - The Customer shall then sign the Agreement and pay to AELP a deposit in the amount of the estimated study cost.

Scope of Feasibility Study (Estimated Time 60 Days)

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Transmission System. The Interconnection Feasibility Study will consider the Base Cases with summer and winter loading conditions as well as all generating facilities and any planned Network Upgrades that have been identified on the date the Interconnection Feasibility Study is commenced. The Interconnection Feasibility Study will consist of a power flow and short circuit analysis. The Interconnection Feasibility Study will provide a list of facilities and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

Step 6 – When the Feasibility Study is complete, AELP will distribute the Feasibility Study to the Customer and then schedule a review meeting.

Step 7 – If the Customer decides to continue, AELP will provide a System Impact Study Agreement and cost estimate to complete the study.

Step 8 - The Customer shall then sign the Agreement and pay to AELP a deposit in the amount of the estimated study cost.

Scope of System Impact Study (Estimated Time 90 Days)

The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability of the Transmission System. The Interconnection System Impact Study will consider the multiple cases as identified during the Scoping Meeting, at a minimum heavy and light load cases will be studied. The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, and a power flow analysis. The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or

Tariff Advice No. _____ Pursuant to Order No. U-17-097(____) Effective: _____

By: _____

Title: General Manager

potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study will provide a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

Step 9 – When the System Impact Study is complete, AELP will distribute the System Impact Study to the Customer and then schedule a review meeting.

Step 10 – If the Customer decides to continue, AELP will provide a Facilities Study Agreement and cost estimate to complete the study.

Step 11 - The Customer shall then sign the Agreement and pay to AELP a deposit in the amount of the estimated study cost.

Scope of Facilities Study (Estimated Time 90 Days with cost estimate of +/-20%)

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facilities to the Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any AELP's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities.

Step 12 – When the Facilities Study is complete, AELP will distribute the Facilities Study to the Customer and then schedule a review meeting.

Step 13 – If the Customer decides to continue, AELP will provide a Generation Interconnection Agreement and cost estimate for any system upgrades.

Step 14 – Customer and AELP proceed with the Interconnection Facilities and Network Upgrades as stipulated in the Generation Interconnection Agreement.

Step 15 – When all interconnection facilities and network upgrades are completed, all testing has been completed to ensure a safe and reliable interconnection, a certificate of completion will be issued by AELP to the Customer.

Tariff Advice No. _____ Pursuant to Order No. U-17-097(____) Effective: _____

By: _____

Title: General Manager