REVIEW OF REGULATORY DECISIONS ON APPLICATIONS FOR APPROVAL OF UTILITY MERGERS AND ACQUISITIONS IN NORTH AMERICA

Evidence submission on behalf of Energy Probe Research Foundation.

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1. EXECUTIVE SUMMARY

This report is submitted on behalf of Energy Probe Research Foundation, an intervenor in the OEB proceeding on the merger and rate setting applications of Enbridge Gas Distribution and Union Gas (EB-2017-0306/07).

The authors reviewed 29 decisions regarding applications for the approval of a utility merger or acquisition by state regulatory commissions across the United States and one by a provincial regulator in Canada. While the cases and decisions varied, there are remarkable similarities in the process and outcome.

First, the regulatory process in most cases allowed parties to the proceeding adequate time for settlement negotiations with the applicants, which very often resulted in a complete settlement of all issues. The lengthy and detailed stipulations reached as part of the settlement are an important and material difference to the regulatory process in the EB-2017-0306/7 application, in which there are no planned negotiations amongst parties to the proceeding and the applicants. The authors have provided a list of the 14 most common stipulations that were negotiated among the utilities and parties in the cases reviewed as part of this evidence, noting that many of these stipulations are absent in this proceeding or are materially diminished.

In reviewing the applications, the regulatory commissions not only considered the impact or potential harm to existing ratepayers, but also the impacts on other stakeholders, such as employees, the regional economy, environment and society at large. The mitigation of any potentially harmful impacts and the provision of beneficial impacts were very often the main purpose of the conditions of approval or stipulations.

Secondly, the deferral period from the time of the merger until the filing of a cost of service application was generally two to three years, if at all. As discussed in the report, there are reasons for this relatively short deferral period and for the long deferral period proposed by the applicants in this proceeding. Most often, the utilities proposing to merge were on cost of service regulation and by deferring the opportunity to raise rates and rebase, they were providing a rate freeze for customers. Nonetheless, no case reviewed as part of this evidence proposed a ten-year deferral.

Based on the above findings, the authors suggest the OEB consider the following two recommendations.

- Issue a new Procedural Order to allow ample time for settlement negotiations with conditions of approval to be negotiated among parties to this proceeding.
- Reconsider the applicants' proposal for a ten-year deferral period and replace it with a maximum deferral period of five years.

2. SCOPE OF WORK

The purpose of this evidence is to provide the Ontario Energy Board (OEB) assistance in reaching its decision regarding the EB-2017-0306 and EB-2017-0307 applications on the merger of Enbridge Gas Distribution and Union Gas and subsequent rate-setting mechanism. The evidence is a review of regulatory decisions relating to applications for approval of mergers or acquisitions among rate-regulated utilities across North America over the past decade. Decisions in Ontario were not reviewed, as they are well known to the OEB and many parties to this proceeding. Also excluded are mergers of federally regulated utilities, as regulation at the federal level is unlikely to be of assistance to the OEB in this application.

As part of our review, we limited our research to decisions from state regulatory commissions in the United States, and from the regulatory commission of one province in Canada (Alberta). While the U.S. Federal Energy Regulatory Commission (FERC) – and other federal agencies – often provide their own approval of mergers and acquisitions, the decisions and stipulations from the state commissions are comparable to the role of the OEB in this proceeding and to role of the Alberta Utilities Commission. The information used to inform our review comes from decisions and negotiated settlements and are provided to the public via commission websites. A detailed appendix providing links to these decisions is provided below.[1]

3. MERGERS AND ACQUISITIONS ACTIVITY IN NORTH AMERICA

The merger between Enbridge Inc. and Spectra Energy is part of a more than decade-long trend of consolidation in the energy sector in North America, particularly among investor-owned, rate-regulated utilities in the United States. That trend appears to have hit its apex in 2016 when the utility sector experienced its highest level of mergers and acquisitions activity since the consolidation frenzy of the late 1990s.

While the overall number of North America deals in 2017 remained high compared to historical averages, they were below 2016. In 2016 the total value of deals in utility sector amounted to $156 billion, compared to $83 billion in 2017.[2] In total, nine mergers and acquisitions in the investor-owned utility sector occurred in 2016 in the United States – the highest level since a record 24 deals were completed in 2000, just prior to an economic recession.[3]

The reasons for the increased merger and acquisition activity are varied, but there are common themes. The energy industry both in Canada and the United States continues to experience slow or declining energy demand. Retail sales of electricity in the United States, for example, decreased by 1.7% from 2014 to 2017 and are now nearly at the same level as 2006.[4] Enbridge and Union have also experienced a declining average use in recent years among their small volume customers. As a result, many utilities are looking for revenue growth through consolidation.

Many investor-owned utilities are also migrating their operations towards regulated assets, given the difficulties facing competitive generation assets that, in many cases, are experiencing record low wholesale prices.

[1] In some cases we merely provided a link to a page that allows users to download the link. We are more than happy to provide copies of any decisions upon request.
[2] https://www.pwc.com/us/en/assets/results-na-power-utilities-deals-q4-17-power-utilities.pdf
[3] http://www.eei.org/resourcesandmedia/industrydataanalysis/industryfinancialanalysis/finreview/Documents/FinancialReview_2016.pdf
[4] U.S. Energy Information Agency data

In their applications to regulatory commissions to merge operations, every utility reviewed as part of this evidence argued that the merger would allow them to lower operating costs through greater synergies and efficiencies. As a result, the utilities maintain – as have Enbridge and Union in this proceeding – that the merger will provide lower rates for customers than if the utilities continued to operate on a standalone basis.

Many utilities also argue that increasing in size will allow them to lower borrowing and other capital costs that will, ultimately, provide lower rates to consumers.

Many utilities also highlighted cheap borrowing costs – a result of low interest rates – as an enticement to pursue mergers and acquisitions. In fact, many of the applicants paid a double-digit premium in their acquisition, while agreeing to ensure – and track – that those premiums are never recovered from current or future ratepayers.

None of the jurisdictions reviewed in this report relied on a government policy encouraging consolidation to support their applications to regulatory commissions to approve the merger or acquisition. This is in stark contrast to Ontario, where mergers and acquisitions in the electricity distribution sector have largely been driven by government policy in an effort to reduce the regulatory burden of monitoring hundreds of small local distribution companies (LDCs) and increase economies of scale in providing service to customers. The province has repeatedly reinforced this view that consolidation of LDCs in Ontario is to be encouraged.[5] The applicants in the EB-2017-0306/7 proceeding are expressly relying on that policy to support their merger proposal.

While nearly all mergers and acquisitions were ultimately approved, some of those approvals in recent years have proven difficult or been rejected. The merger application by Exelon and Pepco, for example, took two years to complete, was initially rejected and, throughout the regulatory process, faced considerable public backlash.[6] Macquarie's application to acquire Cleco was also rejected and only approved after the utilities increased the monetary benefits to Cleco customers.[7] More recently, NextEra ended its quest to acquire Hawaiian Electric after the commission rejected its application, saying it wasn't in the public interest.[8] A growing number of parties have grown increasingly aggressive in merger and acquisition applications in recent years, pushing for more benefits via negotiated settlements.[9]

4. REGULATORY PROCESS

[5] Most recently, the province reinforced this policy in its 2017 Long-Term Energy Plan. https://files.ontario.ca/books/ltep2017_0.pdf

[6] https://www.utilitydive.com/news/updated-a-brief-history-of-the-exelon-pepco-merger-saga/414573/

[7] https://www.bloomberg.com/news/articles/2016-03-28/cleco-macquarie-revise-takeover-terms-to-get-deal-approved

[8] https://www.utilitydive.com/news/updated-nextera-hawaiian-electric-terminate-merger-after-puc-rejection/422316/

[9] https://www.hunton.com/images/content/3/6/v2/3690/Evolving_Public_Interest_Recent_Decisions_in_Utility_Merger_Proc.pdf

The regulatory process followed by various state regulatory commissions in North America when dealing with utility merger and acquisition applications is very similar. In the U.S., it usually consists of the following steps.

First, the utilities to be merged – the "applicants" or "petitioners" – file an application with the regulatory commission of each state that has jurisdiction over the applicants' rate regulated operations, as well as FERC.

The commission then calls for interested parties to intervene. In some states there is a public advocate acting on behalf of public interest groups. In other states, where there is no public advocate, public interest groups represent themselves, similar to the process at the OEB.

The commission sets a timetable with a provision for settlement negotiations that include the applicants, commission staff, a public advocate and/or interveners. Usually several weeks, or more, are allowed for negotiations to take place. Judging by the cases reviewed as part of this evidence, these negotiations typically result in a settlement agreement of all the issues. If there is no settlement, the applicants withdraw the application or proceed to a contested hearing. Only a few of the cases reviewed resulted in a contested hearing.

The settlement agreement is then presented to the commission. The commission holds a public hearing where its members present clarification questions to the witnesses for the applicants, typically senior executives from the utility or outside experts hired by the applicants or other parties. The commission then reviews the negotiated settlement and ensures that it meets the standards prescribed by legislation, which varies from state to state, but most often ensures that the merger is in the "public interest." The commission may ask the applicants to agree to additional terms to the proposed settlement agreement. Once verbal agreement is obtained, the applicants file a stipulation document, similar to conditions of approval in Ontario, where they stipulate to abide to all terms.

The commission then issues its approval decision.

In mergers that involve a number of states, the regulatory commission of the state with the largest number of customers of merged utilities usually takes the lead and commissions of other states issue decisions accepting the stipulations agreed to by the applicants and parties in the lead state. Very often, commissions in states with the smaller number of customers impacted by the merger will defer to other negotiated settlements and may include those stipulations in its own approval.

The regulatory process in jurisdictions across North America dealing with mergers and acquisitions is, largely, very similar. As detailed above, the key component to the regulatory process is a negotiated settlement among the parties to the proceeding that is later presented to the commission or regulatory body for approval.

To demonstrate to the regulatory commissions that the merger or acquisition resulted was in the public interest, the applicants – through negotiation with commission staff and intervenors – typically reach a settlement agreement that includes terms and conditions ensuring the transaction presents no harm or provides benefits to stakeholders.[10] The negotiations among various parties can be lengthy and result in material changes to the application. In cases where there was no settlement, regulatory commissions achieved no harm by imposing conditions on the applicants.

The key to achieving the public interest – whether that was through the "no harm" or "net benefit" principle – is the terms and conditions of approval, achieved either through these settlement negotiations or imposed by the regulatory commission. These terms and conditions resulted in a list of stipulations – in many cases a very lengthy and detailed one, covering a wide range of topics from employment to savings to corporate governance – that the applicants committed to in order to obtain approval. It is these stipulations that ensure that there was "no harm" as the result of the merger or acquisition and that the public interest standard was met. We note that this is a key difference to this proceeding and how the "no harm" principle will be determined and achieved.

5. COMMON STIPULATIONS AND CONDITIONS OF APPROVAL

In many of the mergers and acquisitions reviewed, the applicants either stipulated to carry out certain actions or were directed by the regulatory commission to do them. Not all stipulations listed below appeared in each decision (see Table 1 in Appendix A), but rather, are stipulations common across many regulatory approvals of mergers and acquisitions. We have highlighted clear examples – as referenced in review of mergers and acquisitions (section 8) – for the OEB to consider in its review of the application from Enbridge and Union.

Job Protection - Applicants agree not to cut any jobs, benefits or wages for a certain number of years, usually two, or not to implement any involuntary workforce reductions for a certain number of years – typically for two or three years, but some stipulations have been for as long as a decade – as a result of the transaction. In Macquarie Group's takeover of the Louisiana-based Cleco Corp., for example, the merged utility promised no job reductions for ten years from the closing date. *See merger 1,6,9,20*

Local Headquarters or Offices - Agreement by applicants to maintain a local headquarters in the state for a number of years, such as five, or even open a new, local office. When adding in a local headquarters obligation, the stipulations typically highlight the importance of maintaining a local presence to ensure community involvement and strong customer relations. In the Exelon takeover of Pepco Holdings, which generated significant criticism and media attention, the utility went so far as to agree to move a portion of its headquarters (as well as other jobs) to Washington D.C. to appease the district's regulatory commission, which blocked the merger multiple times. *See merger 1,10,12,22*

Rate or Bill Credits - Applicants stipulate to provide rate credits to customers, sometimes specifying that the funds should be directed to low-income customers. The rate credits are, in some cases, a one-time bill credit payable to customers when the merger closes. Other stipulations have called for an annual rate credit to customers for a pre-determined time period – as long as five years in some cases. The justification for the rate credit is, typically, an immediate benefit to customers from the cost savings that the merged utility is likely to generate. In Southern Company's takeover of AGL Resources Inc., the

[10] We are no opining on whether the Board should use the "no harm", "net benefit" or "public interest" test, as the Board ruled in Procedural Order #3 that the "no harm" test should be used in this proceeding. But it should be noted that regardless of what test is used, the process among regulatory commissions reviewed as part of this evidence was largely the same.

merged utility agreed to a $17.5 million, one-time rate credit for its New Jersey customers (among many other offers made in other jurisdictions). Other utilities agreed to rate credits over a number of years, such as Emera's acquisition of Teco Energy and, indirectly New Mexico Gas. *See merger 4,5,7,8,12,14,26*

Rate Moratorium or Freeze - Applicants stipulate to freeze rates for a certain period after merger. In the FirstEnergy takeover of Allegheny Energy, the merged utility offered a three-year rate freeze. Often, the rate freezes are connected with a promise to defer a rate application, as is detailed in the next point. *See merger 2,5,7,10,16,26,28,29*

Rate Application Delay - Applicants agree to delay filing an application for a rate increase for a limited period. Most of the utilities reviewed as part of this evidence remain on cost of service regulation. By delaying their next rate application they are, in essence, freezing rates by either foregoing a higher regulated rate base or having the shareholder bear any increase in operating costs. In the Dominion Resources acquisition of Questar, the utility promised not to file a rate application for three years. *See merger 2,3,5,7,17*

Rate Base Offset - Applicants stipulate that in any rate case filed in the next certain number of years, a rate base offset will be applied as a deduction to rate base for the purpose of setting rates. The rate base offset acts as a rate reduction for ratepayers. In Algonquin Power's takeover of New England Gas, it promised a rate base offset for as long as 16 years. *See merger 16,17*

Protection from Premium Paid - Applicants stipulate that any premium paid over book value of assets of the acquired utility will not be included in rate base or charged to customers. This is the most common stipulation found in the mergers reviewed for this evidence. Nearly every merger reviewed involved utilities paying a premium for their acquisitions. In many cases, intervening parties – including Public Advocates – expressed concern that the premium paid to the shareholders in the company being acquired would, ultimately, make its way into rates. *See merger (common to nearly every merger and settlement).*

Debt Rating Protection or Stipulations - Applicants stipulate that the debt rating of the acquired utility will not be lowered by the transaction or be affected by any deterioration in the debt rating of the acquiring or new holding company. Some stipulations required that if the newly merged company or any of its parent affiliates experienced a credit ratings downgrade by one of the three major ratings agencies (Fitch, Standard & Poor's and Moody's) then the regulated utility would be blocked from paying a dividend. In the Emera takeover over a New England Gas, for example, it explicitly agreed to not pay a dividend "any time its credit metrics are below investment grade." *See merger 1,2,3,9*

Community Support Funds - Applicants stipulate to provide certain funds for community projects, hospitals, economic development, or energy efficiency programs. Community fund stipulations were very common in the cases reviewed and, often, were a continuation of community support programs already in place. In the Duke Energy merger with Piedmont Natural Gas, it promised tens of millions of dollars in community spending. *See merger 4,21,22,28*

Evidence of Cost Savings - Applicants stipulate to deliver savings to ratepayers over a number of years. Typically, as part of the next rate base or as part of an annual filing, the merged utility is required to submit detailed evidence on any cost savings it has found or is in the process of implementing. If the cost savings evidence is submitted at the next rate application, the utility is often required to table evidence on what savings were implemented, at what cost and how those savings have resulted in lower operating costs or rate base reductions. In Gas Metro's merger with Central Vermont Public Service Corp, the utility guaranteed $144 million of savings and agreed to very detailed tracking mechanism of those savings, in what years they were allocated to customers and sharing of any additional savings. As part of the settlement, the utility guaranteed savings, meaning if they weren't found, the utility's shareholder would bear the cost. *See merger 4,10,12,20, 26*

Increased Capital Investment or Capital Fund- Applicants commit to increase capital investment in the state by system expansion or renewal. Some commissions required the merged utility to create a detailed capital investment plan, while other commission put in place reliability standards that must be maintained through capital investment plans. Some utilities agreed to capital investments above and beyond what the utility was planning prior to the merger. In the Northeast Utilities' takeover of NSTAR, the merged utility promised hundreds of millions of dollars in increased capital spending. *See merger 19 26*

Protection from Transition Costs - Applicants stipulate that transition costs such as combining systems or relocating employees would not be recovered from customers. This promise is evident in many of the cases reviewed. In some stipulations these are defined as one-time costs that do not offer long-term benefits. In other applications the merged utility could recover only those transition costs that provide long-term benefits exceeding those costs. The merged utility was expected to provide detailed evidence on those transition costs and any expected or realized savings. In the Dominion Resources acquisition of Questar, for example, all transition costs were the responsibility of shareholders prior to the next rate application, at which point only those costs that were clearly beneficial to ratepayers could be recovered. *See merger (common to nearly every case reviewed as part of this evidence)*

Protection from Transaction Costs - Applicants stipulate that costs incurred in the negotiation, approval or closing of the merger would not be recovered from customers. Again, the promise was very common among the merger applications reviewed as part of this evidence. These costs typically include direct expenses and can range from payments made to terminated executives, regulatory costs associated with the merger and investment banking costs. *See merger (common to nearly every case reviewed as part of this evidence)*

Ring Fencing - Applicants stipulate to legally separate the non-regulated acquiring holding company from the regulated utility subsidiary in an effort to insulate the utility from potential bankruptcy of the holding company and bankruptcy and debts of affiliate companies owned by the holding company. This was, again, common to almost every merger reviewed as part of this evidence. Some commissions provided detailed requirements in the ring-fencing of the utility under their regulation to that of the merged parent company. In the Duke Energy merger with Piedmont Natural Gas, for example, the negotiated agreement has extensive stipulations regarding corporate governance and ring-fencing, including, among others, protection from credit rating downgrades, distributions to the parent company and the holding company structure. *See merger 4,6,9,14*

6. CONCLUSION AND RECOMMENDATIONS

After conducting our review, we conclude that there are two main differences between how mergers and acquisitions of investor-owned utilities were treated by other regulators compared to the review being undertaken by the OEB to approve the merger between Enbridge and Union.

The first difference is procedural. In the vast majority of cases, the procedure set by the regulatory commission provided substantial time for settlement negotiations, whereas there is no provision for settlement in the procedural orders of this case. The settlement negotiations in the cases reviewed enjoyed a remarkable success rate and made the work of regulatory commissions much easier. They also allowed various public parties to make it clear to the applicants what issues were of importance to them and negotiate appropriately. There is no reason to believe that settlement negotiations in this case would not result in resolution of many of the issues. **We suggest that the OEB issue a new procedural order allowing substantial time for settlement negotiations.**

The second significant difference between the current case before the OEB and the cases we reviewed is the importance of the conditions of approval. As detailed in Section 5, there are 14 common stipulations and conditions imposed on the merged utility, most often through a negotiated settlement, but also through additional conditions imposed by the regulatory commission in its decision. In this case, the applicant has not proposed any conditions of approval and neither has any other party.

In the cases we examined, the conditions of approval, often listed as stipulations, are of paramount importance and are, in many cases, very detailed and cover a wide range of issues. It is through these stipulations that the applicants demonstrate to the regulatory commission that the merger or acquisition is in the public interest and that no harm will result from the transaction. Indeed, our review indicates that by requiring certain additional stipulations, the regulatory commission often ensures and solidifies the point that there is no harm to ratepayers and that the transaction is in the public interest.

Finally, it must be noted that a material difference between Ontario and every other jurisdiction in North America is the fact that Ontario has regulatory policies in place that encourage, and potentially reward, mergers and acquisitions in the regulated electricity utility sector. These were clearly put in place to promote consolidation in the electricity distribution sector. One of those policies is the deferral of rebasing for up to ten years after the merger, while also allowing the merged utilities to set rates by mathematical formulas that escalate rates and provide for the recovery of a significant portion of capital expenditures. This is unique to Ontario and does not exist in any other jurisdiction reviewed.

In most other jurisdictions, except Alberta which has an incentive rate regulation rate setting system similar to Ontario, deferral of filing a cost-of-service application typically means that the rates remain frozen during the deferral period. In Ontario's gas sector, a deferral of filing a rebasing application means that rates continue to escalate. It is not surprising, therefore, that when applying for regulatory approval of a merger in other jurisdictions across North America, applicants typically want short deferral periods. In contrast, in Ontario applicants argue for long deferral periods. No case reviewed in this evidence allowed – or even proposed – a ten-year rate case deferral, combined with an inflationary rate increase and recovery of costs related to certain capital expenditures, as part of their merger application.

The challenge for the OEB in this case is to set a fair and reasonable deferral period that balances the interests of all stakeholders. Setting the deferral period at ten years in this case would signal that the OEB believes the applicants need the maximum available incentive – and maximum time needed to achieve projected cost savings – to merge. Such a decision would be similar to what has been approved in approving mergers among utilities in the electricity distributor sector – supporting an Ontario government policy to encourage consolidation.

But the applicants in this case are clearly not electricity distributors and, based on the authors' jurisdictional review, it's not clear why the applicants should be awarded the benefit of the maximum available incentive to merge. **As such, the authors believe that a more reasonable deferral period is a maximum of five years.**

RECCOMENDATIONS:

- Issue a new Procedural Order to allow ample time for settlement negotiations with conditions of approval to be negotiated among parties to this proceeding.
- Reconsider the applicants' proposal for a ten-year deferral period and replace it with a maximum deferral period of five years.

7. MERGERS AND ACQUISITIONS REVIEWED[11]

1. Fortis Inc. acquires ITC Holdings Corp.

Outline of the deal: In February 2016, Fortis Inc. announced it was acquiring the Michigan-based transmission company ITC Holdings Corp. The total value of the deal was $11.3 billion, in which ITC shareholders received $6.9 billion in Fortis shares, or a 33% premium from the closing price prior to the announcement, and Fortis assuming $4.4 billion in ITC debt. ITC owns and operates more than 15,600 miles of transmission lines in Michigan, Iowa, Minnesota, Illinois, Missouri, Kansas and Oklahoma, with a peak load of more than 26,000MW. ITC's rate base at the time of the merger was estimated to be worth around $7.4 billion.[12]

Regulatory approvals sought: The merger was ultimately approved by a range of state and federal regulatory bodies, including: FERC, Federal Communications Commission, Illinois Public Utility Commission, Kansas Public Utility Commission, Missouri Public Utility Commission, Oklahoma Public Utility Commission and the Wisconsin Public Utility Commission. As part of the agreement, the merged utility agreed to no job cuts for three years and to maintain local headquarters for five years, among numerous other stipulations.

2. Algonquin Power & Utilities acquires Empire District Electric Co.

Outline of the Deal: In 2016 Algonquin Power & Utilities acquired Empire District Electric Co. through a merger of Algonquin-owned Liberty Utilities and Empire District Electric. The deal was valued at $2.4

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[11] In this section we provide links to various news articles regarding the merger in question. For a link and reference to the regulatory decision used as part of our evidence, please see Appendix B. All figures USD unless noted otherwise.

[12] http://www.marketwired.com/press-release/fortis-inc-to-acquire-itc-holdings-corp-for-us113-billion-tsx-fts-2094938.htm and http://business.financialpost.com/commodities/energy/fortis-completes-acquisition-of-itc-eyes-renewable-power-shift-for-growth

billion, including the assumption of $900 million in debt. As part of the deal, Algonquin bought Empire's shares for $34.00 per share, amounting to a 21% premium to the closing price prior to the announcement. The combined company serves 782,000 electric, gas and water customers across ten states, ranging from California in the west to New Hampshire in the east. It also owns 2,500 MW portfolio of regulated and non-regulated generating facilities. The merged utility has more than 2,500 employees.[13]

Regulatory Approvals Sought: The deal was approved by the state regulators in Kansas, Oklahoma, Missouri and Arkansas as well as the federal Committee on Foreign Investment in the United States, The Federal Energy Regulatory Commission (FERC), and the Federal Communication Commission. The most significant approval sought was from the state regulator Kansas Corporation Commission since the largest number of the customers of Empire District are located in Kansas. As part of the negotiated settlement, the utility agreed to two-year rate freeze as part of a rate application deferral and a promise to maintain local management and among many other stipulations.[14]

3. Dominion Resources Inc. acquires Questar Corp.

The deal: In 2016. Dominion Resources Inc. announced it was acquiring Questar Corp. As part of the deal, Dominion paid Questar shareholders $25 per share for a total $4.4 billion, as well as assumed debt from the acquired utility. The combined utility would have operations across vast parts of North America, including 2.5 million electric customers in Virginia and North Carolina, 2.3 million gas customers in Idaho, Ohio, Utah, West Virginia and Wyoming, more than 14,000 miles of natural gas storage and transmission pipes, nearly 51,000 miles of gas distribution pipelines, 6,500 miles of electric transmission lines and more than 57,000 miles of electric distribution lines. The utility also owns and operates 5,700 MW of electricity generation and more than a trillion cubic feet of natural gas storage.

Having received the Wyoming PSC's approval of the merger, the companies completed their combination by close of business on Sept. 16, 2016. [15]

Regulatory approvals sought: In March 2016, the utilities filed an application to the Wyoming Public Service Commission for approval to merge. It filed a similar application to the Idaho Public Utilities Commission and the Utah Public Service Commission. The utilities reached a settlement agreement with the Wyoming Office of Consumer Advocate in August 2016. As part of the settlement, the merged utility promised not to file a rate application for three years, the creation of new regional board with costs to be paid by shareholders and increased charitable spending, among other stipulations. The Utah, Idaho, and Wyoming Commissions also approved the merger.

4. Duke Energy acquires Piedmont Natural Gas

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[13] https://www.utilitydive.com/news/canadas-algonquin-power-utilities-finalize-empire-district-acquisition/433129/ and https://www.prnewswire.com/news-releases/algonquin-power--utilities-corp-completes-acquisition-of-the-empire-district-electric-company-609135805.html

[14] https://www.utilitydive.com/news/kansas-settlement-would-allow-algonquin-power-utilities-to-buy-empire-dis/427927/ and http://estar.kcc.ks.gov/estar/ViewFile.aspx/S20161006145918.pdf?Id=1f6f8357-ee7b-4327-bb2c-4548ce2008f8

[15] http://www.theenergytimes.com/new-utility-business/dominion-questar-complete-merger and https://www.deseretnews.com/article/865662686/Questar-finalizes-merger-with-Dominion-Resources.html

Outline of the deal: In 2016 Duke Energy purchased Piedmont Natural Gas for $6.7 billion. As part of the deal, Duke Energy offered $60 per share to Piedmont shareholders and assumed $1.8 billion in Piedmont debt. The combined company has more than 1.5 million natural gas customers, spanning Ohio, Kentucky, North Carolina, South Carolina and Tennessee, as well as 7.4 million electricity customers already serviced by Duke Energy.[16]

Regulatory approvals sought: The deal was approved by the North Carolina Public Utilities Commission, the Tennessee Public Utility Commission and the U.S. Federal Trade Commission. The approval from the North Carolina Public Utilities Commission was the most material regulatory approval, as that was the utility's largest customer base, and was the basis for other regulatory approvals. As part of the settlement, the merged utility promised a one-time bill credit of $10 million, not to collect $18 million from a deferral account, $35 million in fuel-related cost savings and tens of millions of dollars in community funds, among dozens of other stipulations.

5. **Emera Inc. acquires Teco Energy and, indirectly New Mexico gas**

Outline of the deal: In September 2015, the Nova Scotia-based Emera announced its takeover of TECO Energy Inc. Emera agreed to pay $6.5 billion to TECO shareholders, amounting to a 48% premium over the share's closing price at the time of the announcement. Emera also agreed to assume $3.9 billion in debt as part of the acquisition – making the deal worth $10.4 billion. The combined utility would have nearly $20 billion worth of assets at the time of the takeover and would serve gas and electric customers in Canada, Maine, Florida and New Mexico, as well as a few areas in the Caribbean. In Florida alone, the utility would serve more than 700,000 electric and 350,000 gas customers. [17]

Regulatory approvals sought: In 2015 the combined companies filed an application to the New Mexico Public Regulation Commission for approval of the merger of Emera US with TECO. The change in holding company ownership gave Emera indirect control over New Mexico Gas, a public utility regulated by the Commission. An application for FERC approval was filed on October 5, 2015. In New Mexico, the merged utility agreed to a rate freeze, $4 million annual bill credits and a promise to maintain all local offices for three years, among other stipulations.

6. **Southern Company acquires AGL Resources Inc.**

Outline of the deal: In 2015, Southern Company agreed to acquire AGL Resources for a total of $12 billion, including $4 billion of debt. Southern agreed to purchase AGL shares for a 38% premium to their trading price at the time of the announcement. The combined company consists of eleven regulated electric and natural gas distribution companies, serving more nearly 9 million customers across nine states. The rate base of the combined utility was nearly $50 billion at the time of the acquisition. The

[16] https://www.bizjournals.com/charlotte/news/2016/10/03/4-9b-duke-piedmont-merger-a-done-deal.html and https://www.prnewswire.com/news-releases/duke-energy-and-piedmont-natural-gas-join-forces-with-utilities-nationwide-to-shut-down-scammers-and-protect-customers-300554701.html

[17] http://investors.emera.com/Cache/1001202103.PDF?Y=&O=PDF&D=&FID=1001202103&T=&IID=4072693 and https://www.snl.com/InteractiveX/Article.aspx?cdid=A-33763684-10797&mkt_tok=3RkMMJWWfF9wsRomrfCcl63Em2iQPJWpsrB0B%2FDC18kX3RUtK7%2BcbQfind1SFJk7a8C6XFJIQ91R8T8VS7LG

utility also owns and operates 200,000 miles of electric transmission and distribution lines, as well as more than 80,000 miles of gas pipelines. It also owns 44,000 MW of generation.[18]

Regulatory approvals sought: Southern needed to get six regulatory approvals in order for the deal to go through: New Jersey, Georgia, Maryland, Virginia, Illinois and California. Many of the regulatory approvals required a number of stipulations put forth by public advocates, utility regulators and other parties to the regulatory proceedings. The settlements varied, but in at least one case, the merged utility promised a $17.5 million, one-time rate credit, a delayed rate case application and the promise to maintain local jobs for five years, among other stipulations.

7. **Blackhills acquires SourceGas Holdings LLC**

Outline of the deal: In 2015 Blackhills announced the acquisition of SourceGas holdings for $1.89 billion, including the reimbursement of $200 million in capital expenditures and the assumption of $720 million of debt. SourceGas consisted of four regulated natural gas utilities serving 425,000 customers across four states – Arkansas, Colorado, Nebraska and Wyoming. In total, the utility owned and operated more than 15,000 miles of distribution lines and more than 3,000 miles of interstate pipelines. Prior to the takeover, Blackhills served 800,000 customers across the same states plus Iowa, Montana, Kansas and South Dakota. The combined utility would have a rate base of more than $2.8 billion.[19]

Regulatory approvals sought: The takeover required approvals from the Arkansas Public Service Commission, Colorado Public Utilities Commission, Nebraska Public Services Commission and Wyoming Public Service Commission. Many of the agreed stipulations approved by regulators were similar in their content, including a rate freeze and rate credit. The Colorado commission denied various parts of the agreement between parties and the utility, including a condition allowing the merged utility to earn above its allowed ROE.

8. **Iberdrola USA acquires UIL Holdings Corp.**

Outline of the deal: In February 2015 Iberdrola USA agreed to purchase UIL Holdings Corp. for $3 billion in cash and stock. As part of the deal, Iberdola would pay UIL shareholders one share in the newly created company plus $10.50 in cash – amounting to $52.75 per share, or a 25 percent premium. The combined company would serve more than 3 million electric and gas customers across the northeastern United States. It would also own renewable generation assets. [20]

Regulatory approvals sought: The takeover required approvals from FERC and the Connecticut Public Utilities Regulatory Authority (PURA). As part of the approval from PURA, the utility agreed to provide $40 million in ratepayer credits, as well as pledged $30 million in environmental cleanup costs, among

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[18] https://www.bizjournals.com/atlanta/news/2016/07/01/southern-agl-merger-completed.html and https://www.southerncompany.com/newsroom/2016/jul-2016/2016-07-01-complete-merger.html
[19] https://www.blackhillscorp.com/sites/default/files/acquisition-of-sourcegas.pdf and https://www.bizjournals.com/denver/blog/earth_to_power/2015/07/colorados-sourcegas-bought-by-south-dakotas-black.html
[20] https://www.businesswire.com/news/home/20150225006689/en/Iberdrola-USA-Combine-UIL-Create-Leading-Diversified and https://www.reuters.com/article/us-uil-hldg-m-a-iberdrola-regulator/iberdrola-close-to-finalizing-uil-merger-after-u-s-approval-idUSKBN0TT1E820151210

other stipulations. Nonetheless, one of the three commissioners dissented to the takeover, noting it offered "insufficient public benefit."[21]

9. Macquarie Group acquires Cleco Corp.

Outline of the deal: In 2014, Macquarie Group Ltd. purchased the Louisiana utility Cleco Corp. for $3.4-billion, including $1.3 billion in debt – valuing the deal at $4.7 billion. The purchase price of $55.37 per Cleco share amounted to a 15 percent premium, while promising to maintain Cleco's current dividend. The Cleco-owned subsidiary, Cleco Power, owns 11 generating units with a capacity of 3,340 MW and serves around 284,000 customers, largely in Louisiana. Cleco had around 1,200 employees at the time of the takeover, which Macquarie promised to maintain. [22]

Regulatory approvals sought: The takeover had to be approved by the Louisiana Public Service Commission ("Commission) as well as FERC. Initially the Commission blocked the takeover, concluding it was "not in the public interest." The Commission noted, in particular, that the takeover brought "substantial financial risks to Cleco Power and its ratepayers that are not sufficiently mitigated by the Regulatory Commitments." The Commission said the $125 million in ratepayer credits (in initially offered $65 million) that the utility was offering Cleco ratepayers – over 15 years, or $8.33 million annually – as well as annual cost savings of $1.2 million were "insufficient to fully compensate ratepayers for the financial risks and the double-leveraging and tax structure impacts which will accompany the proposed transaction."[23] A month after the Commission rejected the takeover, it approved a more generous offer that included $136 million in ratepayer credits and no job reductions for ten years, among other stipulations.

10. Wisconsin Energy Corp. acquires Intergys Energy Group Inc.

Outline of the deal: In 2014 the Wisconsin Energy Corp. (WEC) announced its acquisition of Integrys Energy Group Inc. for $9.1 billion. As part of the deal, Intergys shareholders received 1.128 Wisconsin Energy shares plus $18.58 in cash, amounting to a 17 percent premium. The combined company would serve 4.3 million gas and electric customers in four states – Wisconsin, Illinois, Michigan and Minnesota. It would own and operate around 71,000 miles of electric distribution lines, as well as 44,000 miles of gas transmission and distribution lines. The rate base of the combined company at the time of the acquisition was $16.8 billion.[24]

Regulatory approvals sought: The acquisition required approvals from FERC, the Public Service Commission of Wisconsin, the Illinois Commerce Commission, the Michigan Public Service Commission

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[21] https://www.utilitydive.com/news/connecticut-regulators-approve-3b-iberdrola-uil-merger/410744/

[22] http://www.ibtimes.com/macquaries-34-billion-cleco-cnl-buyout-approved-louisiana-2344625 and https://www.cleco.com/newsroom/-/asset_publisher/BUN21WHLp8es/content/cleco-enters-agreement-to-be-acquired-by-north-american-investor-group-led-by-macquarie-infrastructure-and-real-assets-and-british-columbia-investment and https://www.snl.com/InteractiveX/Article.aspx?cdid=A-35895264-10540&mkt_tok=3RkMMJWWfF9wsRoguK%2FJce%2FhmjTEU5z17uQoUaC%2FhIkz2EFye%2BLIHETpodcMSMtINLDYDBceEJhqyQJxPr3FJNANysRuRhDgCw%3D%3D

[23] http://lpscstar.louisiana.gov/star/ViewFile.aspx?Id=a7cc1924-46b5-4d97-a6c3-5833aeb67797

[24] http://www.integrysgroup.com/news/view_article.aspx?reckey=02574 and https://www.prnewswire.com/news-releases/wisconsin-energy-completes-acquisition-of-integrys-to-form-wec-energy-group-300106090.html and

and the Minnesota Public Utilities Commission, among other approvals. The utility negotiated a range of stipulations in the various jurisdictions in order to receive approval from regulators.[25] Some of these stipulations include a 50-50 earnings sharing mechanism effective immediately on all earnings above the approved ROE, a promise not to reduce local jobs for two years and a two-year rate freeze.

11. Berkshire Hathaway Energy acquires Altalink

Outline of the deal: In 2014 Berkshire Hathaway Energy (BHE) announced that it was purchasing AltaLink for $2.7 billion (US). AltaLink owned more than 280 stations and nearly 12,000 kilometers of electricity transmission lines, serving 3 million customers in Alberta. The value of its regulated assets at the time of the deal was $5.9 billion (CAD). BHE owned assets worth nearly $70 billion and served more than 8 million customers.[26]

Regulatory approvals sought: As part of the acquisition, the utilities received approval from both Industry Canada and the Alberta Utilities Commission. Industry Canada required that all earnings from AltaLink remain in Canada for at least five years.[27] The utility also promised not to reduce jobs and to ensure its shareholder covered any transaction costs.

12. Exelon acquires Pepco Holdings

Outline of the deal: In 2014 Exelon announced its acquisition of Pepco Holdings for $6.8 billion. As part of the deal Exelon agreed to pay $27.25 per share to Pepco shareholders, amounting to a 24.7 percent premium on the closing price at the time of the announcement. The combined utility would serve nearly 10 million customers, with 2 million customers formerly served by Pepco across four states and jurisdictions – Delaware, the District of Columbia, Maryland and New Jersey. The rate base of the combined company would total more than $26 billion. Even before the merger Exelon was one of the country's largest energy companies, with more than $24.9 billion in annual revenue, operations in 47 states and Canada and more than 35,000 MW of generating capacity.[28]

Regulatory approvals sought: The regulatory approval process generated a significant amount of public attention. The takeover required approval from FERC, the Justice Department, utility commissions in Maryland, Delaware, New Jersey and Washington D.C. The regulatory commission in D.C., facing criticism from local lawmakers, among others, rejected the takeover twice before granting approval. The merged utility agreed to more than $25 million in rate credits, a residential bill credit of $14 million and the relocation of headquarters and jobs to Washington D.C., among many other stipulations.

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[25] http://archive.jsonline.com/business/customer-groups-object-to-wisconsin-energys-merger-plans-b99427054z1-289091351.html/

[26] https://www.berkshirehathawayenergyco.com/news/altalink-announces-completion-of-acquisition-by-berkshire-hathaway-energy and https://www.theglobeandmail.com/report-on-business/snc-lavalin-to-sell-altalink-for-324-billion/article18376508/

[27] http://www.canadianbusiness.com/business-news/alberta-utilities-commission-approves-altalink-berkshire-hathaway-energy-sale/

[28] https://www.washingtonpost.com/local/dc-politics/in-a-surprise-move-dc-regulators-give-green-light-to-pepco-exelon-merger/2016/03/23/4ace2bc0-f10e-11e5-89c3-a647fcce95e0_story.html?utm_term=.480dad111f71 and https://www.utilitydive.com/news/updated-a-brief-history-of-the-exelon-pepco-merger-saga/414573/ and http://www.exeloncorp.com/newsroom/events/Event%20Documents/EXC_Announced%20Acquisition%20of%20PHI%20Release%202014.pdf

13. The Laclede Group purchases Alabama Gas Corporation

Outline of the deal: In 2014 the Laclede Group announced it was purchasing the Alabama Gas Corporation (Alagasco) for $1.6 billion, including the assumption of $250 million in debt. The combined utility would serve 1.55 million customers, with more than 420,000 customers previously serviced by Alagasco, which employed more than 1000 workers in Alabama. The takeover pushed Laclede to becoming the largest gas utility in both Missouri and Alabama.[29]

Regulatory approvals sought: The acquisition required the approval of the Alabama Public Service Commission where the utility agreed not to collect any premium paid as part of the acquisition from Alabama ratepayers.[30]

14. Fortis Inc. buys UNS Energy Corp.

Outline of the deal: In 2014 Newfoundland-based Fortis Inc. announced it has completed its purchase of the Arizona-based UNS Energy Corp. for $4.5 billion, including the assumption of $2 billion in debt. As part of the deal, Fortis paid UNS shareholders $60.25 per share, amounting to a 31.4 percent premium. UNS served 657,000 gas and electricity customers in Arizona. Its assets were estimated at $4.5 billion at the time of the deal. The deal was expected to increase Fortis' rate base by $3 billion to $23.5 billion.[31]

Regulatory approvals sought: The deal required the approval of the Arizona Corporation Commission (ACC). The utility reached a settlement Residential Utility Consumer Office and other parties that was approved by the regulator. As part of the deal, the utility agreed to, among other conditions, more than $30 million of rate credits to ratepayers and no job reductions for four years.[32]

15. MidAmerican Energy Holding buys NV Energy Inc.

Outline of the deal: In 2013 MidAmerican Energy Holding announced it was purchasing NV Energy Inc. for $10.1 billion. That figure included $5.6 billion to acquire NV Energy shares at $23.75 and assuming $4.5 billion in debt. The offer for NV Energy shares amounted to a 23% premium to the closing price prior to the announcement. At the time of the deal NV Energy served around 1.3 million electric and gas customers in Nevada, while MidAmerican Energy served 7.1 million customers in the United States and the United Kingdom.[33]

Regulatory approvals sought: The transaction required approval from the Public Utilities Commission of Nevada (PUCN), FERC and the U.S. Department of Justice. As part of the approval, the utility agreed

[29] https://www.bizjournals.com/birmingham/news/2014/09/02/laclede-group-finalizes-purchase-of-alagasco.html and https://dealbook.nytimes.com/2014/04/07/laclede-to-buy-energens-alabama-gas-utility-in-1-6-billion-deal/ and https://www.prnewswire.com/news-releases/the-laclede-group-to-purchase-alabama-gas-corporation-254162621.html

[30] http://www.psc.state.al.us/Administrative/CurrentSpecialMinutes.pdf

[31] https://www.reuters.com/article/us-uns-takeover-fortis/fortis-to-buy-uns-energy-for-about-2-5-billion-idUSBRE9BA18B20131212 and http://www.marketwired.com/press-release/fortis-inc-completes-uns-energy-acquisition-tsx-fts-1938866.htm

[32] https://www.fortisinc.com/news-and-media/details/fortis-and-uns-energy-file-settlement-agreement

[33] https://www.businesswire.com/news/home/20131219006418/en/MidAmerican-Energy-Holdings-Company-NV-Energy-Merger and https://www.reviewjournal.com/business/energy/nv-energy-to-be-acquired-by-warren-buffett/

to a number of stipulations, including, among others, a one-time bill credit, a promise to maintain employment levels in the state and not to recover lost revenue amounts contained in a deferral account.[34]

16. Algonquin Power and Utilities Corp. purchases New England Gas.

Outline of the deal: In 2013 Algonquin Power announced that it was purchasing New England Gas through its Liberty Utilities subsidiary for $74 million, including the assumption of $19 million in debt. The combined utility would serve 470,000 customers, with 53,000 previously served by New England gas. At the time of the deal, Algonquin owned about $3.2 billion in regulated and nom-regulated assets.[35]

Regulatory approvals sought: The deal required the approval of the Massachusetts Department of Public Utilities. As part of the settlement, the merged utility agreed to a two-year rate freeze, a rate base offset in future applications for the next 16 years and a bill credit.

17. Laclede Gas Company purchases Missouri Gas Energy

Outline of the deal: In 2013 the Laclede Gas Company announced that it was acquiring the utility Missouri Gas Energy from Energy Transfer Partners for $975 million. With the deal, Laclede became the largest gas distributor in Missouri, serving more than 1.1 million customers – up from 625,000 prior to the acquisition. As detailed previously, Laclede continued to purchase other gas utilities in other jurisdictions in North America.[36]

Regulatory approvals sought: The deal required the approval of the Missouri Public Service Commission. As part of the deal reach with parties to the proceeding, the utility agreed to a number of conditions, including, among others, a rate moratorium and a rate base offset.[37]

18. Algonquin Power purchases Atmos' Georgia assets

Outline of the deal: In 2012, Algonquin Power, through its subsidiary Liberty Energy Utilities, announced its purchase of regulated gas assets in Georgia from Atmos Energy Corporation for $140.7 million. The deal would see Algonquin serve Atmos' 64,000 customers in Georgia.[38] According to the Georgia Public Service Commission, the price paid by Algonquin amounted to a $12 million premium to value of the assets (valued at $128 million).

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[34] http://pucweb1.state.nv.us/PDF/AxImages/DOCKETS_2010_THRU_PRESENT/2013-7/33076.pdf

[35] https://www.mississauga.com/news-story/4242109-oakville-s-algonquin-power-buys-new-england-gas-company/ and https://www.prnewswire.com/news-releases/algonquin-power--utilities-corp-announces-closing-of-new-england-natural-gas-distribution-assets-acquisition-236764141.html

[36] https://www.prnewswire.com/news-releases/the-laclede-group-and-energy-transfer-announce-the-purchase-and-sale-of-southern-union-companys-missouri-gas-energy-and-new-england-gas-company-assets-for-1035-billion-183766601.html and https://www.bizjournals.com/stlouis/blog/2013/09/laclede-closes-on-975-million.html

[37] https://www.efis.psc.mo.gov/mpsc/commoncomponents/view_itemno_details.asp?caseno=GM-2013-0254&attach_id=2014000130

[38] http://www.ledger-enquirer.com/news/business/article29292211.html and https://www.prnewswire.com/news-releases/algonquin-power--utilities-corp-announces-closing-of-georgia-natural-gas-distribution-acquisition-200936231.html

Regulatory approvals sought: The deal required approval from the Georgia Public Service Commission, which stated that the acquisition premium to purchase Atmos' assets could not be recovered from ratepayers, among other conditions.[39]

19. Fortis Inc. purchases CH Energy Group

Outline of the deal: In 2012 Fortis Inc. announced it was purchasing New York-based CH Energy Group for $1.5 billion, including $500 million of CH Energy's outstanding debt. As part of the deal, Fortis agreed to buy CH Energy's shares for $65, amounting to a 10.5 percent premium above the closing price before the announcement. At the time of the deal, CH Energy served around 300,000 electric customers and 75,000 gas customers across New York. CH Energy also owned a small non-regulated subsidiary. The value of its assets at the time were $1.8 billion.[40]

Regulatory approvals sought: The takeover required the approval of the New York State Public Service Commission and FERC. As part of the approval, the utility agreed to freeze rates, offer more than $49 million in guaranteed rate savings and future rate mitigation, no reduction in jobs and an improved earnings sharing mechanism, among other stipulations.[41]

20. Gas Metro purchases Central Vermont Public Service Corp.

Outline of the deal: In 2011, Gas Metro, through its subsidiary Green Mountain Power, agreed to purchase and merge its operations with Central Vermont Public Service (CVPS) for $472.3 million, or $35.25 per share – amounting to a 45 percent premium over CVPS' share price prior to the announcement. The utility would also assume $230 million in debt, taking the total value of the deal to more than $702 million. The new company serves nearly 250,000 electricity customers in Vermont, or about 70 percent the state. Its rate base was estimated to be $1 billion at the time of the merger.[42]

Regulatory approvals sought: The deal needed approval from FERC and the Vermont Public Service Board. As part of the approval, the utility agreed that it would guarantee $144 million in savings over the next ten years, and no job reductions among non-executive employees, among other stipulations.[43]

21. Exelon Corp acquires Constellation Energy Group

Outline of the deal: In 2011 Exelon Corp. acquired Constellation Energy Group for $7.9 billion. As part of the deal, each Constellation shareholders received 0.930 shares of Exelon stock – valuing each Constellation share at $38.59, or an 18 percent premium to the closing price prior to the announcement.

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[39] http://www.psc.state.ga.us/factsv2/Document.aspx?documentNumber=146525

[40] https://www.businesswire.com/news/home/20120221005704/en/CH-Energy-Group-Acquired-Fortis-Agreement-Valued and https://dealbook.nytimes.com/2012/02/21/fortis-to-buy-ch-energy-for-1-billion/

[41] https://www.cenhud.com/news/news/may30_13

[42] https://vtdigger.org/2012/06/27/gaz-metro-seals-the-deal-gmp-and-cvps-merge/ and https://www.thestar.com/business/2011/07/12/quebecs_gaz_metro_to_buy_vermonts_largest_electric_utility.html and http://www.marketwired.com/press-release/cvps-to-merge-with-gmp-into-one-stronger-company-nyse-cv-1536888.htm

[43] http://vlite.org/wp-content/uploads/2013/07/MOU-PSB.pdf

At the time of the merger, Exelon was the country's largest nuclear generator and served 5.4 million electricity customers. Constellation serviced 1.2 million electricity customers in Maryland.[44]

Regulatory approvals sought: The deal required the approval of FERC, the Nuclear Regulatory Commission (NRC), the Maryland Public Service Commission, the New York Public Service Commission and the Public Utility Commission of Texas. As part of the approval, the utility agreed to no job reductions for at least two years, $112 million in rate credits, more than $100 million efficiency and other low-income spending and other community spending.[45]

22. AES Corp. purchases DPL Inc.

Outline of the deal: In 2011, AES Corp. announced it was buying DPL Inc. for $4.7 billion, including $3.5 billion in stock and $1.2 billion in debt. As part of the deal, DPL shareholders received $30 in cash for each stock, amounting to an 8.7% premium over DPL's share price prior to the announcement. At the time of the deal, DPL served around 500,000 electricity customers in Ohio.[46]

Regulatory approvals sought: The deal required approvals from FERC and the Public Utilities Commission of Ohio (PUCO). As part of the approval, the utility promised to maintain a certain number of jobs, local headquarters and contribute money to community funds, among other negotiated stipulations.[47]

23. Duke Energy acquires Progress Energy

Outline of the deal: In 2011 Duke Energy announced that it was merging with Progress Energy. As part of the deal, every Progress Energy shareholder received 2.6125 shares of Duke Energy shares, putting the value of the offer to Progress shareholders at $46.48 – totaling around $13.7 billion. That amounted to a more than six percent premium from the average share price over the last twenty days. Duke would also assume $12.2 billion in Progress Energy debt. By the time the deal closed in 2012, the total value of the merger had increased to $32 billion. The post-merger utility became the largest electricity utility in country, serving more than 7 million electric customers across six states. Its assets were valued at more than $100 billion.[48]

Regulatory approvals sought: The deal required approval from FERC, the Nuclear Regulatory Commission (NRC), the North Carolina Utilities Commission (NCUC) and the South Carolina Public Service Commission (SCPSC). As part of the settlement agreement reached in the two states, the utility

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[44] http://www.exeloncorp.com/newsroom/Pages/pr_20110428_exc_merger.aspx and https://www.reuters.com/article/us-constellation-exelon/exelon-to-buy-constellation-energy-for-7-9-billion-idUSTRE73Q8BS20110428 and https://www.bizjournals.com/baltimore/news/2012/03/12/constellation-exelon-close-79b-merger.html

[45] https://archive.org/stream/293295-exelon-constellation-merger-opinion/293295-exelon-constellation-merger-opinion_djvu.txt

[46] https://www.businesswire.com/news/home/20110419007444/en/AES-Acquire-DPL and https://www.daytondailynews.com/business/aes-completes-dpl-merger/QqBOdeZb0jZBEtQ3ABpFLL/

[47] https://www.daytondailynews.com/business/ohio-clears-way-for-dpl-merger-with-aes-corp/RdsovAxPlJbsqGhp27evlJ/

[48] https://www.nytimes.com/2012/07/04/business/energy-environment/duke-energy-merger-creates-largest-us-utility.html and https://news.duke-energy.com/releases/duke-energy-progress-energy-complete-merger and https://www.prnewswire.com/news-releases/duke-energy-and-progress-energy-to-merge-113192194.html

guaranteed savings of $650 million and tens of millions of dollars in continued community support programs, among other stipulations.[49]

24. Algonquin Power buys two utilities from National Grid – Granite State and Energy North.

Outline of the deal: In 2010, Algonquin Power, though its subsidiary Liberty Energy Utilities, announced it had agreed to buy two utilities from National Grid, Granite State and EnergyNorth Natural Gas, for a combined price of $285 million, or $83 million and $202 million for Granite State and EnergyNorth, respectively. At the time of the deal, Granite State served 43,000 electricity customers in New Hampshire. EnergyNorth provided gas service to 86,000 customers in the state.[50]

Regulatory approvals sought: The deal required – and received – approval from the New Hampshire Public Utilities Commission. [51]

25. AGL Resources acquires Nicor Inc.

Outline of the deal: In 2011 AGL Resources announced that it was acquiring Nicor for $2.4 billion. As part of the deal, AGL will pay $21.20 in cash and .8382 of an AGL share for each Nicor share, amounting to a 22 percent premium to Nicor's closing price before the deal was announced. The merged company serves nearly 4.5 million gas customers across seven states. At the time of the deal, the combined utility became the largest gas-only distributor in the United States and had a rate base valued at $3.8 billion. [52]

Regulatory approvals sought: The deal required the approval of the Illinois Commerce Commission., which ultimately approved the deal with certain conditions, including a commitment to maintain staffing levels and a three-year rate freeze. [53]

26. Northeast Utilities merges with NSTAR

Outline of the deal: In 2010, Northeast Utilities (NU) and NSTAR agreed to a "merger of equals" in which each NSTAR shareholder would receive 1.312 common shares of NU, amounting to a 2 percent premium. The all-stock deal was valued at $4.17 billion at the time of the announcement and, according to the utility, would create a utility valued at $17.5 billion. The merged utility would serve 3.5 million gas

[49] http://www.ncuc.commerce.state.nc.us/merger.pdf and http://www.regulatorystaff.sc.gov/Documents/News%20Archives/DukeProgressSettlement.pdf

[50] https://www.reuters.com/article/nationalgrid-algonquinpower/update-2-algonquin-power-buys-2-u-s-utilities-for-285-mln-idUSSGE6B80AQ20101209

[51] https://www.puc.nh.gov/Regulatory/CASEFILE/2011/11-040/INITIAL%20FILING%20-%20PETITION/11-040%202011-03-07%20NGRID%20NH%20JT%20PET%20FOR%20AUTHORITY%20TO%20TRANSFER%20OWNERSHIP%20TO%20GSEC%20%20ENNG%20TO%20LIBERTY%20UTILITIES.PDF

[52] http://www.naturalgasintel.com/articles/87020-shareholders-approve-2-4b-agl-resources-nicor-merger and https://www.prnewswire.com/news-releases/agl-resources-completes-nicor-merger-135330643.html

[53] http://www.chicagobusiness.com/article/20111207/NEWS11/111209838/nicor-sale-to-agl-is-approved-but-icc-sets-conditions and http://www.vsb.org/docs/sections/adminlaw/nicor.pdf

and electric companies in Massachusetts, Connecticut and New Hampshire. It would also own and operate more than 1,000 MW of generation.[54]

Regulatory approvals sought: The deal required the approval of FERC, the Massachusetts Department of Public Utilities and the Connecticut Public Utilities Regulatory Authority. As part of the approval, the merged utility agreed to, among other concessions, a $25 million rate credit, a rate freeze and hundreds of millions of dollars in capital improvements.[55]

27. UIL Holding purchases Berkshire Gas and two small gas utilities.

Outline of the deal: In 2010, UIL Holding announced it was purchasing Berkshire Gas and two small Connecticut gas distribution companies for $1.3 billion, including debt, from the companies' parent company Iberdrola USA. The three companies served 333,000 gas customers in Connecticut and 36,000 customers in Massachusetts. The combined utility serves nearly 700,000 utility customers.[56]

Regulatory approvals sought: The deal required the approval of the Connecticut Department of Utility Control. The merged company agreed not to include any premium in future rates.

28. PPL Corp acquires E.On U.S. LLC

Outline of the deal: In 2010, PPL Corp. announced it was buying Kentucky's two largest utilities, Louisville Gas & Electric Co and Kentucky Utilities Co, from E.On for $7.6 billion, including debt. At the time of the deal, the two utilities served 1.2 million customers – made up of 943,000 electricity customers and 321,000 gas customers. Nearly all of the customers were based in Kentucky. Prior to the acquisition, PPL served 5.2 million customers in the United Kingdom and Pennsylvania.[57]

Regulatory approvals sought: The deal required the approval of the Kentucky Public Services Commission. As part of a settlement that filed and approved by the regulator, the utility agreed to a number of conditions, including a rate freeze, no job cuts and support for a variety of community funds, among many other stipulations. [58] Regulators in both Tennessee and Virginia also approved the deal, although the number of customers served in those states was minimal.

[54] http://articles.courant.com/2012-04-04/business/hc-nu-nstar-massachusetts-decision-20120404_1_nstar-utility-regulators-merger and https://www.businesswire.com/news/home/20101018005866/en/Northeast-Utilities-NSTAR-Agree-17.5-Billion-Merger

[55] http://articles.courant.com/2012-04-04/business/hc-nu-nstar-massachusetts-decision-20120404_1_nstar-utility-regulators-merger and http://170.63.40.34/DPU/FileRoomAPI/api/Attachments/Get/?path=10-170%2f4412dpuord.pdf and http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/915ea5834a0db51385257c1d004ae31d?OpenDocument

[56] https://www.businesswire.com/news/home/20100525005606/en/UIL-Holdings-Acquire-Gas-Utilities-Iberdrola-USA and http://www.berkshireeagle.com/stories/berkshire-gas-deal-final,136572

[57] https://www.reuters.com/article/us-eon/e-on-sells-u-s-unit-to-ppl-for-6-7-billion-idUSTRE63R4D220100428 and https://www.bizjournals.com/louisville/stories/2010/04/26/daily26.html

[58] http://www.wave3.com/story/13244406/psc-approves-ppl-purchase-of-eon-us and https://psc.ky.gov/PSCSCF/2010%20cases/2010-00204/20100916_Joint%20Applicant%20Post-Hearing%20Brief.pdf

29. FirstEnergy acquires Allegheny Energy

Outline of the deal: In 2010, Ohio-based FirstEnergy acquired Pennsylvania-based Allegheny Energy for $8.5 billion stock and debt. As part of the deal, Allegheny shareholders received 0.667 shares of FirstEnergy stock, amounting to a 31.6 percent premium to Allegheny's closing price prior to the announcement. FirstEnergy also assumed about $3.8 billion in Allegheny debt. The combined company serves more than 6 million electricity customers across seven states. It also owns and operates nearly 20,000 miles of transmission lines and 24,000 MW of generating capacity. The annual revenue of the company at the time of the acquisition was expected to be $16 billion. [59]

Regulatory approvals sought: The Allegheny-FirstEnergy merger had to be approved by the Pennsylvania Public Utility Commission, the Maryland Public Service Commission, the Virginia State Corporation Commission, the West Virginia Public Service Commission and FERC. As part of the approval, the company agreed to a variety of stipulations, including a $6.5 million up front rate credit, a promise not to cut any jobs and a three-year rate freeze, among other stipulations.[60]

[59] http://www.post-gazette.com/business/businessnews/2010/02/12/FirstEnergy-and-Allegheny-Energy-deal-creates-energy-giant/stories/201002120156 and https://www.sec.gov/Archives/edgar/data/3673/000119312510028123/dex991.htm

[60] http://thedailyrecord.com/2011/01/19/md-psc-approves-allegheny-energy-merger-with-firstenergy/

Appendix A: Table (see following page)

	Date merger was announced	Job Protection	Local Headquarters or Offices	Rate or Bill Credits	Rate Moratorium or freeze	Rate Application Delay	Rate Base Offset	Protection from Premium Paid	Debt Rating Protection or stipulations	Community Support Funds	Evidence of Cost Savings	Increased Capital Investment or Capital Fund	Protection from Transition Costs	Protection from and Transaction Costs	Ring-Fencing
1. Fortis Inc. - ITC Holdings Corp.	09-Feb-16	✓	✓		✓			✓	✓	✓			✓	✓	✓
2. Algonquin Power - Empire District Electric Co.	09-Feb-16	✓	✓		✓	✓		✓	✓		✓		✓	✓	✓
3. Dominion Resources Inc. - Questar Corp.	01-Feb-16		✓		✓	✓		✓	✓	✓	✓		✓	✓	
4. Duke Energy - Piedmont Natural Gas	26-Oct-15		✓	✓	✓			✓	✓	✓	✓		✓	✓	✓
5. Emera Inc. - Teco Energy - New Mexico gas	04-Sep-15	✓	✓	✓	✓	✓		✓	✓	✓		✓		✓	
6. Southern Company - AGL Resources Inc.	24-Aug-15	✓	✓	✓	✓			✓	✓		✓		✓	✓	✓
7. Blackhills - SourceGas Holdings LLC	12-Jul-15			✓	✓	✓		✓					✓	✓	✓
8. Iberdrola - UIL Holdings Corp.	25-Feb-15	✓	✓	✓	✓			✓	✓	✓		✓			✓
9. Macquarie Group - Cleco Corp.	20-Oct-14	✓	✓	✓	✓	✓			✓	✓				✓	✓
10. Wisconsin Energy Corp. - Intergys Energy Group Inc.	23-Jun-14	✓	✓		✓			✓	✓		✓			✓	✓
11. Berkshire Hathaway Energy - Altalink	01-May-14	✓								✓				✓	✓
12. Exelon - Pepco Holdings	30-Apr-14	✓	✓	✓				✓	✓	✓	✓			✓	✓
13. The Laclede Group - Alabama Gas Corporation	07-Apr-14							✓							✓
14. Fortis Inc. - UNS Energy Corp.	11-Dec-13	✓	✓	✓				✓	✓		✓		✓		✓
15. MidAmerican Energy Holding -NV Energy Inc.	29-May-13		✓	✓				✓			✓		✓	✓	✓
16. Algonquin Power - New England Gas.	11-Feb-13	✓	✓	✓	✓		✓	✓				✓	✓	✓	
17. Laclede Gas Company - Missouri Gas Energy	17-Dec-12				✓	✓	✓	✓	✓		✓		✓	✓	✓
18. Algonquin Power - Atmos' Georgia assets	08-Aug-12							✓						✓	
19. Fortis Inc. - CH Energy Group	21-Feb-12	✓	✓		✓	✓		✓	✓	✓		✓		✓	✓
20. Gas Metro - Central Vermont Public Service Corp.	12-Jul-11	✓	✓	✓				✓		✓					✓
21. Exelon Corp - Constellation Energy Group	27-Apr-11	✓	✓	✓				✓		✓	✓			✓	✓
22. AES Corp. - DPL Inc.	20-Apr-11	✓	✓					✓		✓				✓	
23. Duke Energy - Progress Energy	10-Jan-11		✓						✓	✓	✓		✓	✓	✓
24. Algonquin Power - Granite State and Energy North.	09-Dec-10	✓						✓					✓		
25. AGL Resources - Nicor Inc.	07-Dec-10	✓			✓					✓	✓			✓	
26. Northeast Utilities - with NSTAR	18-Oct-10			✓	✓	✓		✓		✓	✓	✓		✓	
27. UIL Holding - Berkshire Gas and two small gas utilities.	25-May-10							✓			✓				
28. PPL Corp - E.On U.S. LLC	28-Apr-10	✓	✓		✓	✓		✓		✓	✓			✓	✓
29. FirstEnergy - Allegheny Energy	11-Feb-10	✓	✓	✓	✓					✓				✓	✓

Appendix B: References

1. **Fortis Inc. - ITC Holdings Corp.**
   - Kansas Corporation Commission decision:

http://estar.kcc.ks.gov/estar/ViewFile.aspx/20161011112625.pdf?Id=85528f58-a302-49e6-83cb-c29014f24109

   - The Missouri Public Service Commission decision:

https://www.efis.psc.mo.gov/mpsc/commoncomponents/view_itemno_details.asp?caseno=EM-2016-0212&attach_id=2017004574

   - Wisconsin Public Service Commission decision:

https://apps.psc.wi.gov/DL/document/ViewFile.aspx?id=26E8B85D179F488B8EA5C6EDB0EE004D

   - Oklahoma Corporation Commission decision:

   - Illinois Commerce Commission decision:

https://www.icc.illinois.gov/docket/files.aspx?no=16-0315&docId=245229

2. **Algonquin Power - Empire District Electric Co.**
   - Kansas State Corporation Commission decision approving the merger and stipulations:

http://estar.kcc.ks.gov/estar/ViewFile.aspx/20161222110846.pdf?Id=a15f1be0-cdc3-4802-ac9c-841e2cc8927f

   - Missouri Public Service Commission decision

https://www.efis.psc.mo.gov/mpsc/commoncomponents/view_itemno_details.asp?caseno=EM-2016-0213&attach_id=2017004149

3. **Dominion Resources Inc. - Questar Corp.**
   - Public Service Commission of Wyoming decision:

http://psc.state.wy.us/pscdocs/Orders/2016/December/30025-1-23822.pdf

4. **Duke Energy - Piedmont Natural Gas**
   - North Carolina Utilities Commission decision approving the merger:

http://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=c6873bb2-b5db-4c82-a13a-32464c8f39aa

5. **Emera Inc. - Teco Energy - New Mexico gas**
   - New Mexico Public Regulation Commission certification of stipulation:

https://www.nmgco.com/pdf/Certification_of_Stipulation.pdf

6. **Southern Company - AGL Resources Inc.**
    - New Jersey Board of Public Utilities decision:

http://www.state.nj.us/bpu/pdf/boardorders/2016/20160629/6-29-16-2E.pdf

- Illinois Commerce Commission decision:

https://www.icc.illinois.gov/docket/files.aspx?no=15-0558&docId=243119

- Georgia Public Service Commission decision:

http://www.psc.state.ga.us/factsv2/Document.aspx?documentNumber=163623

- Maryland Public Service Commission decision:

A pdf can be supplied upon request.

7. **Blackhills - SourceGas Holdings LLC**
    - Arkansas Public Service Commission decision:

http://www.apscservices.info/pdf/15/15-078-u_67_1.pdf

- Public Service Commission of Nebraska stipulation and agreement:

http://www.psc.nebraska.gov/natgas/NG-0084/PA%20Stipulation%20and%20Agreement%20-Joint%20Applicant-NG-0084-2015-12-21.pdf

- Public Utilities Commission of Colorado:

https://www.dora.state.co.us/pls/efi/EFI_SEARCH_UI.SEARCH?p_session_id=&p_results=Documents&p_proceeding_number=15A-0667G&p_document_type=Choose%20One&p_docket_status=Choose%20One&p_decision_type=Choose%20One&p_decision_author=Choose%20One&p_auto_search=Y

8. **Iberdrola - UIL Holdings Corp.**
    - Connecticut Public Utilities Regulatory Authority decision:

http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/e8c12f47ab37280c85257f16006b59e9/$FILE/150738-120915.pdf

9. **Macquarie Group - Cleco Corp.**
    - Louisiana Public Service Commission initially blocked the takeover:

http://lpscstar.louisiana.gov/star/ViewFile.aspx?Id=a7cc1924-46b5-4d97-a6c3-5833aeb67797

- Later approved it after the benefits were increased:

http://lpscstar.louisiana.gov/star/ViewFile.aspx?Id=a3a69224-1d0d-4b6d-bdd3-92df13a5fe90

10. **Wisconsin Energy Corp. - Intergys Energy Group Inc.**

- Public Service Commission of Wisconsin decision:

http://apps.psc.wi.gov/vs2010/dockets/content/detail.aspx?dockt_id=9400-YO-100

- Illinois Commerce Commission decision:

https://www.icc.illinois.gov/docket/files.aspx?no=14-0496&docId=231218

- Michigan Public Service Commission decision:

http://www.michigan.gov/documents/mpsc/u-17682_4-23-15_565507_7.pdf

11. **Berkshire Hathaway Energy – Altalink**
    - Alberta Utilities Commission decision:

http://www.auc.ab.ca/regulatory_documents/ProceedingDocuments/2014/2014-326.pdf

12. **Exelon - Pepco Holdings**
    - Public Service Commission of the District of Columbia final order approving the takeover:

https://www.dcpsc.org/PSCDC/media/PDFFiles/HotTopics/orderno_18148_FC1119.pdf

- Maryland Public Service Commission decision:

A pdf can be supplied upon request.

- New Jersey Board of Public Utilities decision:

http://www.state.nj.us/bpu/pdf/boardorders/2016/20161031/10-31-16-2K.pdf

- Delaware Public Service Commission decision:

https://delafile.delaware.gov/AdvancedSearch/AdvancedSearchDocket.aspx?CNo=MTQtMTkz

13. **The Laclede Group - Alabama Gas Corporation**
    - Alabama Public Service Commission decision:

http://www.psc.state.al.us/Administrative/CurrentSpecialMinutes.pdf

14. **Fortis Inc. - UNS Energy Corp.**
    - The Arizona Corporation Commission decision:

http://images.edocket.azcc.gov/docketpdf/0000156333.pdf

15. **MidAmerican Energy Holding -NV Energy Inc.**
    - The Public Utilities Commission of Nevada decision:

http://pucweb1.state.nv.us/PDF/AxImages/DOCKETS_2010_THRU_PRESENT/2013-7/33076.pdf

16. **Algonquin Power - New England Gas.**

- Massachusetts Department of Public Utilities decision:

http://170.63.40.34/DPU/FileRoomAPI/api/Attachments/Get/?path=13-07%2f13-07-Order-7231.pdf

17. Laclede Gas Company - Missouri Gas Energy

- Stipulation filed and approved by the Missouri Public Service Commission:

https://www.efis.psc.mo.gov/mpsc/commoncomponents/view_itemno_details.asp?caseno=GM-2013-0254&attach_id=2014000130

18. Algonquin Power – Atmos' Georgia assets

- Georgia Public Service Commission decision:

http://www.psc.state.ga.us/factsv2/Document.aspx?documentNumber=146525

19. Fortis Inc. - CH Energy Group

- New York Public Service Commission decision and order:

http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7BA55ECCE9-C3B2-4076-A934-4F65AA7E79D1%7D

20. Gas Metro - Central Vermont Public Service Corp

- Vermont Public Utility Commission decision:

https://epuc.vermont.gov/?q=node/104/16204

21. Exelon Corp - Constellation Energy Group

- Maryland Public Service Commission decision

https://archive.org/stream/293295-exelon-constellation-merger-opinion/293295-exelon-constellation-merger-opinion_djvu.txt

A pdf can also be supplied upon request.

22. AES Corp. - DPL Inc.

- Public Utilities Commission of Ohio decision:

http://dis.puc.state.oh.us/TiffToPDf/A1001001A11K22B02100E92135.pdf

https://dis.puc.state.oh.us/DocumentRecord.aspx?DocID=3285bbaa-f0fe-4c65-94d8-6b9e94c20f32

23. Duke Energy - Progress Energy

- North Carolina Utilities Commission decision:

http://www.ncuc.commerce.state.nc.us/merger.pdf

- Settlement Agreement with the South Carolina Office of regulatory staff:

http://www.regulatorystaff.sc.gov/Documents/News%20Archives/DukeProgressSettlement.pdf

- Kentucky Public Service Commission decision:

https://psc.ky.gov/PSCSCF/2011%20cases/2011-00124/20110802_PSC_ORDER.pdf

24. Algonquin Power - Granite State and Energy North

- New Hampshire Public Utilities Commission decision:

https://www.puc.nh.gov/Regulatory/CASEFILE/2011/11-040/INITIAL%20FILING%20-%20PETITION/11-040%202011-03-07%20NGRID%20NH%20JT%20PET%20FOR%20AUTHORITY%20TO%20TRANSFER%20OWNERSHIP%20TO%20GSEC%20%20ENNG%20TO%20LIBERTY%20UTILITIES.PDF

25. AGL Resources - Nicor Inc.

- Illinois Commerce Commission decision:

http://www.vsb.org/docs/sections/adminlaw/nicor.pdf

26. Northeast Utilities - with NSTAR

- Connecticut Public Utilities Regulatory Authority decision:

http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/915ea5834a0db51385257c1d004ae31d?OpenDocument

- Massachusetts Department of Public Utilities decision

http://170.63.40.34/DPU/FileRoomAPI/api/Attachments/Get/?path=10-170%2f4412dpuord.pdf

27. UIL Holding - Berkshire Gas and two small gas utilities.

- Decision from the Connecticut Department of Public Utility Control:

http://159.247.49.194/__85255F2C005B9480.nsf/0/9C5AE43A56AF4002852577D7007406E4?Open

28. PPL Corp - E.On U.S. LLC

- Kentucky Public Service Commission stipulations:

https://psc.ky.gov/PSCSCF/2010%20cases/2010-00204/20100916_Joint%20Applicant%20Post-Hearing%20Brief.pdf

- Virginia State Corporation Commission decision

http://www.scc.virginia.gov/docketsearch/DOCS/29r501!.PDF

29. FirstEnergy - Allegheny Energy

- Pennsylvania Public Utility Commission decision:

http://www.puc.pa.gov/about_puc/consolidated_case_view.aspx?Docket=A-2010-2176520

- Public Service Commission of Maryland decision

A pdf can be supplied upon request.

- Public Service Commission of West Virginia decision:

http://www.psc.state.wv.us/scripts/WebDocket/ViewDocument.cfm?CaseActivityID=311268

- Virginia State Corporation Commission decision:

http://www.scc.virginia.gov/docketsearch/DOCS/28%25q01!.PDF

APPENDIX C: AUTHOR CVs

Tom Ladanyi

Energy Regulatory Affairs Consultant

Professional Engineer
Ontario

Chartered Professional Accountant
Ontario

Certified Management Accountant
Ontario
1987

Master of Applied Science
University of Toronto
1974

Bachelor of Engineering
McGill University
1972

Tom Ladanyi is a consultant specializing in energy regulatory affairs. He advises clients in the areas of energy project development, regulatory approvals, regulatory accounting, utility rates, and incentive regulation.

Professional History

2016 - Present	President, TL Energy Regulatory Consultants Inc.
2010 - 2015	Management positions in Regulatory Affairs, Ontario Power Generation
1990 - 2010	Management positions in Finance, Regulatory Affairs, Operations and Engineering, Enbridge Gas Distribution (Consumers Gas prior to 1998)
1974 - 1990	Management and supervisory positions in Engineering and Operations, Trans Canada Pipe Lines
1972 - 1974	Teaching Assistant, Faculty of Applied Science and Engineering, University of Toronto

Testimony in Regulatory Hearings

Ontario Energy Board

Application under the OEB's own motion to consider potential alternative approaches to recover costs of expanding natural gas service to communities that are not currently served (EB-2016-0004); filed evidence on behalf of Vulnerable Energy Consumers Coalition on EBO 188 system expansion criteria and the CRTC experience with a National Contribution Fund for the expansion of telecommunication services.

Enbridge Rate Application for the 2010 Test Year (EB-2009-0172); filed evidence on gas volume forecast, revenue forecast, and Incentive Regulation formula inputs; was a member of a team that negotiated a settlement of all issues related to rate setting for 2010.

Enbridge Earnings Sharing for 2008 (EB-2009-0055); filed evidence on 2008 gas volumes, revenues, depreciation expense, O&M expense, capital expenditures, and customer additions.

Enbridge Rate Application for the 2009 Test Year (EB-2008-0219); filed evidence on gas volume forecast, revenue forecast, customer additions, and capital budget for leave to construct power generation projects; was a member of a team that negotiated a settlement of all issues related to rate setting for 2009.

Enbridge Rate application for the 2008 Test Year and the start of the 2008-2012 Incentive Regulation Plan (EB-2007-0615); was a member of the team that designed the Incentive Regulation model for Enbridge Gas Distribution and proposed it to the OEB; provided evidence in support of the model including historical information relating to productivity and customer additions; participated in negotiations that resulted in settlement of most of the issues; testified in support of the customer growth forecast and customer attachment policies and obtained OEB approval.

Enbridge Rate application for the 2007 test year (EB-2006-0034); filed evidence on gas volume budget, revenue budget, capital budget, depreciation expense budget, and O&M budget. Participated in negotiations which resulted in the settlement of most of the issues except for the new degree day forecast methodology; together with other team members testified in support of the new methodology which was approved by the OEB.

Enbridge Rate Application for the 2006 Test Year (RP-2005-0001); testified on policy issues, capital budget, and operations and maintenance budget; participated in negotiations leading to the settlement of the volumes and revenues forecast.

OEB Natural Gas Forum (RP-2004-0213); testified on issues related to gas storage development, operations, and rate setting.

Enbridge Rate Application for the 2005 Test Year (RP-2003-0203); testified on the application for a Class Action Suit Deferral Account, presented testimony on the Manufactured Gas Plant Variance Account.

Enbridge Rate Application for the 2004 Test Year (RP-2003-0048); testified on the rate setting proposal, and presented testimony on Fiscal 2003 Operating Results.

Enbridge Rate Application for the 2003 Test Year (RP-2002-0133); testified on the Settlement Proposal, and on corporate cost allocation methodology and the Manufactured Gas Plant Deferral Account, presented testimony on Regulatory Affairs O&M, Service Quality Indicators, and Incentive Regulation Base adjustments.

Enbridge Application for Approval of the Purchase of the Wellandport Gas Company (RP-2002-0106); testified on the regulatory treatment of the purchase premium over book value.

Enbridge Rate Application for the 2002 Test Year (RP-2001-0032); testified on the Settlement Proposal, and presented testimony on PBR O&M and the Service Quality Indicators report.

Enbridge Rate Application for the 2001 Test Year (RP-2000-0040); testified on the Settlement Proposal and presented testimony on PBR O&M, Service Quality Indicators report, and the Outsourcing Plan Deferral Account.

Enbridge Application for expansion of the Kimball-Colinville Gas Storage Pool (EBRM 106); testified on regulatory accounting and administration issues.

Enbridge Application for expansion of the Dow Moore Gas Storage Pool (EBRM 105); testified on regulatory accounting and administration issues.

Consumers Gas Rate Application for the 1996 Test Year (EBRO 490); testified on the proposal to establish Consumers Gas International Group that would provide consulting services to outside clients.

Consumers Gas Rate Application for the 1995 Test Year (EBRO 487); testified on regulatory accounting issues, regulatory treatment of Lost and Unaccounted for Gas related to Tecumseh Gas Storage operations.

Consumers Gas Rate Application for the 1994 Test Year (EBRO 485); testified on regulatory accounting issues, and the UCC balance related to Tecumseh Gas Storage assets.

Consumers Gas Rate Application for the 1993 Test Year (EBRO 479); testified on regulatory accounting issues, capital costs of the Mississauga Southern Link project, inclusion in rate base of the purchase premium over book value of Tecumseh Gas Storage shares purchased from Imperial Oil.

Consumers Gas Application for Interim Rate 1992 Increase (EBRO 473A); testified on the regulatory accounting issues related to the rate increase.

Consumers Gas Mississauga Southern 1991 Link Leave to Construct Application (EBLO 238); testified on the need for the project, design specifications, material specifications, cost estimates, construction schedule.

National Energy Board

TransCanada's 1990 Tolls Application (RH-3-89); testified on the capital cost of projects to be included in rate base.

TransCanada's 1989 Facilities Application (GH-1-89); testified on the construction planning, pipeline design, and cost estimates for the construction of 495 km of large diameter pipeline.

TransCanada's 1988 Facilities Application (GH-4-88); testified on the construction planning, pipeline design, and cost estimates for the construction of 334 km of large diameter pipeline.

St. Clair Pipelines Application (GH-3-88); witness for Trans Canada Pipe Lines, testified on construction planning and pipeline design issues.

New York State Public Service Commission **Application for the approval of the Iroquois Pipeline project (Docket No.70363), 1986-1987;** testified on pipeline design, operations plan, and pipeline safety at hearings in Albany and Dover Plains, New York.

Public Consultations

Natural Gas Market Review (EB-2010-0199); represented OPG at the OEB
Natural Gas Forum (RP-2004-0213); represented Enbridge at the OEB, testified on issues related to gas storage development, operations, and rate setting.

Natural Gas System Expansion consultation (EBO 188); represented Consumers Gas (Enbridge) at the OEB

Regulatory Case Management and Assistance

Case management for larger cases included identification of issues, development of regulatory strategy, preparation of evidence, review of interrogatory responses, negotiations with intervenors and Board Staff, preparation of witnesses and counsel, management of the public hearings, management of the preparation of argument, interpretation and analysis of the decision, and the review of the rate order. Many of the smaller cases were dealt with through a written hearing process and did not involve some of the above activities.

Ontario Energy Board:

OPG Payment Amount for Prescribed Generation Facilities: EB-2016-0152 (Assistance with Darlington Refurbishment Project evidence, interrogatories and witness preparation)

OPG Payment Amounts for Prescribed Generation Facilities: EB-2013-0321 (Assistant Case Manager responsible for Darlington Refurbishment Project issues)

The following proceedings were all Enbridge Gas Distribution or its predecessors, Enbridge Consumers Gas, and Consumers Gas.

Rate Cases: RP-2003-0203 (2005 Test Year), RP-2003-0048 (2004 Test Year), RP-2002-0133 (2003 Test Year), RP-2000-0040 (2001 Test Year), RP-1999-0001 (2000 Test Year).

Leave to Construct Cases: EBLO 241, EBLO 250, EBLO 254, EBLO 255, EBLO 258, EBLO 260, EBLO 256, EBLO 261, EBLO 262, RP-2001-0014, RP-2001-0057, RP-2002-106.

Franchise Applications: EBA 689, EBA 690, EBA 699, EBA 710, EBA 711, EBA 712, EBA 713, EBA 714, EBA 715, EBA 718, EBA 723, EBA 737, EBA 791, EBA 791-01, EBA 795, EBA 818.

Certificate of Public Convenience and Necessity Applications: EBC 214, EBC 215, EBC 216, EBC 223, EBC 224, EBC 234, EBC 235, EBC 236, EBC 237, EBC 238, EBC 246, EBC 266, EBC 270, EBC 271, RP-1999-0013, RP-2000-0011, RP-2000-0012, RP-2000-0020, RP-2000-0242.

Reports to the Minister of Natural Resources: EBRM 105, EBRM 106, EBRM 108, EBRM 110.

Generic Proceedings: EBO 188 (Natural Gas System Expansion), Forum on Utility Diversification, RP-2004-0213 Natural Gas Forum.

Exemption Applications: PL 89, PL 93, PL 94, PL 96, PL 97, PL 102.

Undertakings Applications: EBO 179-01 (Affiliate Transaction with Niagara Gas Transmission), EBO 179-02 (10 Year Contract with Niagara Gas Transmission) , EBO 179-03 (Consulting Services Contract with IPL Technology), EBO 179-04 (Relocation of Treasury to Calgary), EBO 179-05 (Payment of Management Fee to IPL), EBO 179-06 (Affiliate Transaction with IPL Insurance Barbados Limited) , EBO 179-07 (Electronic Gas Trading Board), EBO 179-08 (Purchase of Gas from St. Lawrence Gas Company), EBO 179-09 (Investment in Ontario One Call Ltd.), EBO 179-10 (Contract with IPL Technology and Consulting) , EBO

179-11 (Contract with St. Catharines Hydro), EBO 179-12 (Support for Maritimes Project), EBO 179-13 (Management Services for Consumers Gas Energy Inc.), EBO 179-16 (Preferred Stock Tax Transaction with IPL System Inc.), EB-1999-0468 (Home Gas Appliance Inspection, Natural Gas for Vehicles, the merchant function, the Agent Billing and Collection Program, and Oil Production Activity).

Quarterly Rate Adjustment Filings: EB-2000-0084, EB-2000-0137, EB-2001-0033, EB-2001-0419, EB-2001-0790, EB-2002-0213, EB-2002-0364, EB-2002-0431, EB-2002-494, EB-2003-0032, EB-2003-0126, EB-2003-0229, EB-2003-0288, EB-2004-0209, EB-2004-0266.

Other Applications: EBO 182, EBO 189, EBO 190, EBO 196, EBO 197, EBO 198, EBO 203, RP-2004-0147.

National Energy Board:

Facilities Applications: XG-N6-41-95, TG-6-95.

Tolls and Tariff Applications: for Niagara Gas Transmission (Link Pipeline and the Ottawa River Crossing), and for Consumers (Canada) now 2193914 Canada Limited.

Regulatory Consulting

Consulting work for Energy Probe in 2017-2018 on EB-2017-0049, Hydro One Distribution rate application, and EB-2017-0306 and EB-2017-0307 Enbridge Gas Distribution and Union Gas merger and rate setting applications.

Consulting work for RWDI in 2017 in the preparation of a weather normalization RFP.

Consulting work for VECC in 2016 on EB-2016-0004 Natural Gas System Expansion and EB-2015-0363 Cap and Trade.

Consulting work for Charles River Associates in 2016 in the preparation of a Cap and Trade RFP.

Consulting work for Dentons Canada LLP in 2016 on regulatory accounting issues.

Project Management

- Developed and implemented new Capital Management and Controls System at Enbridge Gas Distribution in 2008-2009.
- Developed and implemented a new Revenue Analysis and Volume Estimation system at Enbridge Gas Distribution in 2006-07.
- Organized and conducted the ongoing Utility Regulation and Rates course for Enbridge Gas Distribution employees in 1999
- Brought the Operations Records Management IT project to successful completion in 1998.
- Managed $40 million pipeline construction project for Consumers Gas 1990-91
- Managed $350 million pipeline construction project for Trans Canada Pipelines 1988-89.

Business Development

Ontario Power Generation (2010-2015)

- Canadian Nuclear Partners consulting business startup and support
- Gas conversion projects for Lambton, Nanticoke, and Thunder Bay generating stations evaluation of gas pipeline alternatives

Enbridge Gas Distribution / Consumers Gas (1990-2010)

- Mississauga Southern Link Pipeline Project
- Link Pipeline Project
- Gas conversion of Lakeview generating station evaluation of gas pipeline alternatives
- Consumers Gas International Group consulting business startup business case and support
- York Region Water Project business case preparation
- Peel Region Water Project business case preparation

Trans Canada Pipelines (1974-1990)

- Iroquois Pipeline specifications and operating procedures
- Conversion of Portland to Montreal oil pipeline to natural gas specifications and cost estimates
- Polar Gas Project specifications

Energy Industry Committees

- Trans Canada Tolls Task Force, member, 2010–2015
- Association of Power Producers of Ontario, Natural Gas Committee, 2012–2015
- Ontario Energy Association, Chair, Working Committee on Regulatory Symmetry, 2004
- Ontario Energy Board: Uniform System of Accounts Committee for Gas Utilities,1993–1994
- International Gas Union: Subcommittee on Gas Transmission System Reliability 1986–1988
- Ontario Natural Gas Association: Operating Committee, 1985–1986
- American Gas Association: Welding Supervisory Committee 1979-1983; Stress Corrosion Task Group 1977-1981
- American Society of Mechanical Engineers: Gas Transmission and Distribution Piping Systems 1988-1990
- Canadian Standards Association: Subcommittee on Steel Line Pipe1990-1991; Design and Materials Subcommittee 1988-1991; Design and Testing Task Force 1988-1989; Crossings Task Force1983-1988; Transmission Subcommittee (Alternate) 1983-1988; Qualification of Welding Inspectors 1980-1983; Fracture Toughness Task Group 1977-1981.

Regulatory Lectures and Presentations

- Was invited by the University of Toronto School of Business in 2015 to give a presentation on the energy regulated public utilities industry in Canada.
- Was invited by Toronto Hydro in 2008 to give a presentation on the regulatory budget process and incentive regulation.
- Was invited by the Ontario Power Generation Regulatory Affairs department to give presentations to the department staff in 2004, 2005, 2006, and 2009 dealing with cost of service and incentive regulation of utilities.
- Was invited in 2003 by McMaster University Economics Department to give a presentation to students on rate regulation of utilities in Ontario.
- Was asked by Enbridge Human Resources department to develop, organize and teach the Utility Regulation and Rates Course for company staff. The course was been held a number of times between 2001 and 2006.
- Was asked by the Ontario Energy Board to conduct a training session for OEB Staff which was held in 2001. OEB later used the presentation material from that session for the internal training.
- Was invited in 1997 by the University of Toronto School of Business to give a presentation to MBA students on the regulation of gas utilities.
- Was asked by the Canadian Gas Association to teach the Revenue Requirement and Performance Based Regulation part of the Canadian Natural gas Regulatory Course; taught the course for nine years, from 1996 to 2004. The course was presented in Kananaskis, Alberta, 1996; Montreal, 1997; Vancouver, 1998; Halifax, 1999; Toronto, 2000; Regina, 2001; Montreal, 2002; Vancouver, 2003; and Ottawa, 2004.

Professional Memberships

Professional Engineers Ontario

Ontario Society of Professional Engineers

Chartered Professional Accountants of Ontario

American Society of Mechanical Engineers

Brady F. Yauch

EDUCATION

York University
Toronto, Ontario
Masters of Economics, 2013

University of Edinburgh
Edinburgh, Scotland, UK
Masters (MSc) of Cultural Politics, 2006

University of California Santa Cruz
Santa Cruz, CA,
Bachelor of Arts, 2004

WORK EXPERIENCE

Economist and Executive Director– Consumer Policy Institute, July 2013 - Present

- Oversee research activities for the Consumer Policy Institute.
- Act as a consultant for regulatory hearings at the Ontario Energy Board (OEB), in which I review and comment on evidence presented by public utilities.
- Submitted multiple papers to the OEB on a range of topics, such as pension reform, revenue decoupling, natural gas expansion and distributor rate applications.
- Have appeared numerous times on both television and radio to discuss energy, transit and other economic topics. My research has been quoted extensively by experts, lawmakers and the media.
- Appeared before a parliamentary committee regarding energy policy.
- Write analysis reports and articles for media outlets. I have several recent opinion pieces published in national newspapers. A full list of op-eds and research reports are listed below under "Research and Publications."
- Oversee the work of interns and other employees at Energy Probe Research Foundation.

Online Reporter, Commentator and Editor – Business News Network, December 2010 – July 2013

- Wrote and edited all content published on BNN.ca, with a particular focus on economic issues.
- Attended lockups for budgets and interest rate announcements and published breaking stories.
- Notable articles include: "Canada's lost decade in manufacturing," "The rise and fall of Canadian exporters" and "More Fed action likely, but will it work?"

Researcher and Policy Consultant – Energy Probe Research Foundation, April 2009 – December 2010

- Performed economic, financial and political research on economic, policy and energy issues.
- Assisted in Energy Probe Research Foundation's interventions at the Ontario Energy Board (OEB)
- In-house specialist on European carbon credit markets. I helped build and maintain the first, and only (at the time), online database of carbon credit projects. I was often called upon to explain the carbon credit market to reporters, other policy groups and policy makers.
- Wrote and edited articles, press releases and policy reports.

- Engaged with policy makers through interviews and reports.

Freelance Writer/Reporter – January 2009 – Present

- Wrote articles for a variety of publications, including: *Washington Post*, *China Daily*, *BlogTO*, *Building.ca* and other trade magazines. Articles often provided commentary on major issues.
- Research involved searching through government databases, company reports, interviewing specialists and conducting other studies.

Producer, Writer, –Brookshire Media, Toronto ON, January 2008 – December 2008

- Worked as a producer and writer for the business news channel of Brookshire Media.
- Reported on and investigated financial markets -- including commodity markets, equity markets and currency markets.
- Wrote and edited articles on both financial markets and international politics.
- Gained proficiency with Bloomberg terminals.

Editor- Corp Tax, Chicago, IL, September 2006 to February 2007

- Editor for a professional software design company.
- Wrote internal reports.
- Explained tax policies and forms to clients.

RESEARCH AND PUBLICATIONS

Op-eds

- How selling Hydro One really helped Ontario taxpayers, *Financial Post*, March 7, 2018 (link)
- A whole new way to screw up hydro is underway in Ontario and B.C., *Financial Post*, November 23, 2017 (link)
- Provincial finances are worse than they look as politicians hide their megaproject boondoggles, *Financial Post*, November 14, 2017 (link)
- It's the end of energy regulation in Ontario as we know it, *Ottawa Citizen, November 9, 2017* (link)
- Another megaproject pushing public utilities to the brink, *The Telegram*, September 30, 2017 (link)
- Government's mega utility projects spell mega-ruin, *Financial Post*, September 26, 2017 (link)
- Megaprojects like Site C bankrupt power utilities, *Vancouver Sun*, September 18, 2017 (link)
- Ontario's conservation program another corporate welfare handout, *Financial Post*, August 3, 2017 (link)
- Ontario's public power failure redux, *QP Briefing*, June 22, 2017 (link)
- How Queen's Park broke Ontario's provincial electricity sector, *Financial Post*, April 12, 2017 (link)
- Looking to lower Ontario power rates? Start with Pickering, where $550 million will be wastefully spent, *Financial Post*, March 29, 2017 (link)
- No prizes for guessing who's really to blame for Hydro One's soaring rates, *Financial Post*, January 6, 2017 (link)
- This time is different: OPG says its megaproject not like the others, *Toronto Star*, October 11, 2016 (link)

- How Ontario's 1 per cent can do its share to reduce fuel poverty, *Financial Post*, August 16, 2016 (link)
- A new debt retirement charge for Ontario electricity customers, *Financial Post*, April 27, 2016 (link)
- Queen's Park the biggest winner with cap and trade, *Hamilton Spectator*, March 23, 2016 (link)
- Ontario electricity rates fastest rising in North America, *Toronto Sun*, March 2, 2016 (link)
- Queen's Park moves to silence dissent on electricity, *Toronto Star*, January 4, 2016 (link)
- Ratepayers on the hook for Hydro, *Winnipeg Free Press*, December 23, 2015 (link)
- The Hydro One sale's upsides, *Financial Post*, November 5, 2015 (link)
- Debt, subterfuge will cost B.C. Hydro ratepayers, *The Times Colonist*, October 24, 2015 (link)
- Privatization perks, *Financial Post*, September 22, 2015 (link)
- A $2.6-billion stimulus for Ontario, *Financial Post*, August 12, 2015 (link)
- Much needed reforms could focus on Hydro One employees' pensions, *Financial Post*, April 24, 2015 (link)
- Achtung, Ontario! Renewables are a money pit, *Financial Post*, August 12, 2014 (link)
- While Canadians endured hardships during recent storms, customers in UK got compensated, *Financial Post*, January 7, 2014 (link)
- Why China's renewables industry is headed for collapse, *Financial Post*, December 10, 2013 (link)

Notable Media Appearances

- The Agenda, (link),
- CBC, "On the Money", (link)
- Many other TV and radio appearances, including BNN and CBC radio

Reports

- How Megaprojects Bankrupt Public Utilities and Leave Regulators in the Dark, 2017 (link)
- Power Exports at What Cost?, 2016 (link)
- Getting Zapped: Ontario's Electricity Prices Increasing Faster Than Anywhere Else, 2016 (link)
- Gone Too Far: Soaring Hydro Bills Offset Conservation and Hurt Conservers Most, 2015 (link)
- Falls Flat: Comparing the TTC's Fare Policy to Other Transit Agencies, 2015 (link)
- Corporate Welfare Goes Green in Ontario, 2014 (link)
- Toronto's Suburban Relief Line, 2014 (link)

Regulatory or Parliamentary Committee appearances

- Presentation to the Standing Committee on Natural Resources in the House of Commons, February 2017.

Speeches and Presentations:

- Langdon Hall, Northwind Electricity Conference, January 2018
- Ontario Power Symposium, March 2017

Consultant to applications before the Ontario Energy Board

- A full list of appearances can be provided upon request

APPENDIX D: CONSULTANTS DUTY OF CARE (see following pages)

FORM A

Proceeding: EB-2017-0306 & EB-2017-0307

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is TOM LADANYI (*name*). I live at TORONTO (*city*), in the PROVINCE (*province/state*) of ONTARIO.

2. I have been engaged by or on behalf of ENERGY PROBE (*name of party/parties*) to provide evidence in relation to the above-noted proceeding before the Ontario Energy Board.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:

   (a) to provide opinion evidence that is fair, objective and non-partisan;

   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and

   (c) to provide such additional assistance as the Board may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date APRIL 6, 2018

T Ladanyi

Signature

FORM A

Proceeding: EB-2017-0306/07

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is ...Brady Yauch...........................(*name*). I live at ....Toronto...... (*city*), in the ...province............ (*province/state*) of ...ontario................ .

2. I have been engaged by or on behalf of ...Energy...Probe........ (*name of party/parties)* to provide evidence in relation to the above-noted proceeding before the Ontario Energy Board.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:

   (a) to provide opinion evidence that is fair, objective and non-partisan;

   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and

   (c) to provide such additional assistance as the Board may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date ...April 9, 2018............

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Signature