MARYLAND
Public Service Commission

CONTACT: Tori Leonard
410-767-8054
443-680-1619 (c)
tori.leonard@maryland.gov

For Immediate Release

Maryland PSC Conditionally Approves WGL/AltaGas Merger

(Baltimore, MD–April 4, 2018) – The Maryland Public Service Commission, in a 4-1 decision, has conditionally approved the merger of WGL Holdings, Inc., Washington Gas Light Company and AltaGas, Ltd. WGL Holdings is the parent company of Washington Gas. Under the terms of the merger, WGL Holdings and Washington Gas will become subsidiaries of AltaGas, which is headquartered in Canada. In its decision to allow the $4.5 billion transaction, the Commission imposed more than 50 conditions, which the applicants will have to accept within 10 days of the order. All of the other regulatory bodies required to approve the merger have done so, with the exception of the District of Columbia Public Service Commission.

The merger and conditions contained in the order feature many benefits for Maryland gas customers, including more than $30 million to provide a one-time $50 bill credit for each Maryland Washington Gas residential heating customer and an $8.8 million bill credit for Maryland business customers. The order also provides more than $30 million to expand the natural gas distribution system so more Marylanders can have access to clean and economic gas service. In addition, the Commission incorporated stringent protections for Washington Gas customers, and required a "most favored nation" clause to ensure Marylanders get the same level of benefits if the transaction is approved by the D.C. PSC.

The Commission's modifications to the proposed settlement reallocate portions of the $87.7 million the applicants committed to fund rate credits for business customers, gas expansion programs, safety programs, and energy programs administered by Montgomery and Prince George's counties. Specifically, they include:

- Restoration of the $8.8 million one-time rate credit to non-residential customers of Washington Gas. This credit had been proposed in the original application but was not included in the settlement agreement;

- Approval of $30.3 million to establish a Maryland Gas Expansion Fund with the goal of expanding natural gas infrastructure to underserved parts of Maryland--$4.6 million of the funds must be spent in Calvert, Charles, Frederick and St. Mary's counties. The fund is intended to support the policy goals of the State of Maryland by extending the benefits of natural gas to more residents. The order clarifies that the Commission, by approving the merger, is not pre-approving any natural gas expansion project nor waiving any subsequent prudency review;

- Allocation of $12.1 million to Montgomery County and $10.8 million to Prince George's County for weatherization, energy efficiency, safety, and renewable energy programs;

- Development of a $4 million program to implement quantifiable safety measures, including leak mitigation, etc., in Washington Gas's Maryland service territory.

The Commission approved additional aspects of the merger including:

- Contributions of more than $1 million to Maryland-based charities, as well as programs that assist low-income Maryland utility customers;

- The addition of a condition on cybersecurity;

- The appointment of a company-wide team tasked with ensuring that both supplier and workforce diversity are fundamental parts of the merged company;

- The same robust, "platinum standard" ring fencing provisions that were instituted in the Exelon-PHI merger (Case No. 9361) in 2015, which will protect Washington Gas and its customers in the event of a financial hardship suffered by its new parent company; and, to the extent Washington Gas's cost of debt increases as a result of the merger, the company's ratepayers will be held harmless indefinitely.

The Commission notes that the merger of these two companies will result in more Marylanders having access to clean and economic natural gas, which is good for the environment, our economy and for hard-working Maryland families. In the Commission's opinion, the merger better positions Washington Gas by providing it increased access to capital and the shared resources of being a part of a larger family of companies, which will also benefit Maryland gas customers.

Washington Gas has more than 473,000 customers in Maryland (primarily in Prince George's and Montgomery counties) and employs about 1,500 people. AltaGas is headquartered in Calgary, Alberta, Canada and has more than 1,600 employees. After the merger, Washington Gas will continue to operate as a Maryland utility and be regulated by the Commission. The conditions require the applicants, within five years after the close of the merger, to employ 65 additional workers in Maryland and spend $1.4 million over two years to promote workforce development within Washington Gas's Maryland service territory. Within twelve months after the merger close, the head office of the AltaGas U.S. power business will relocate from Texas to Prince George's County.

The order included a dissent from Chairman W. Kevin Hughes.

The Commission's decision is posted online at www.psc.state.md.us as Order No. 88631 in Case 9449.

###

About the Public Service Commission:

The Maryland Public Service Commission regulates electric and gas utilities, telephone companies (land lines), certain water and sewer companies, passenger motor vehicle carriers for hire (sedans, limousines, buses, Uber, Lyft), taxicab companies (in Baltimore City and County, Cumberland and Hagerstown) and bay pilot rates.

Like us on Facebook: Facebook.com/MarylandPSC.gov
Follow us on Twitter: @MarylandPSC