

May 8, 2018

Consumer Advisory

People's Counsel & Attorney General Reach Agreement with AltaGas to Provide Benefits to District Residents

Washington, DC - People's Counsel Sandra Mattavous-Frye and Attorney General Karl A. Racine announced today that the District of Columbia, the D.C. Office of the People's Counsel, AltaGas and WGL Holdings (which owns Washington Gas) have reached a settlement agreement. The agreement - which provides tens of millions of dollars of benefits to District consumers - will clear the way for AltaGas, a Canadian energy company, to acquire WGL Holdings. The merger is subject to final approval by the District's Public Service Commission (PSC).

"Attorney General Racine and I have worked together to come to an agreement with the companies that is substantially different from a proposal that I could not support due to its expected harm to District ratepayers. There had to be major changes in the merger application before OPC could consider a settlement," said People's Counsel Mattavous-Frye. "Now after aggressive advocacy by both agencies, I believe we have a settlement that will provide real benefits and protections for consumers and the District's economy."

"Along with the People's Counsel, we have negotiated an agreement that provides real benefits to District residents and to our environment," Attorney General Racine said. "We believe this transforms a merger deal that previously was not in the public interest, and I am proud to support it. I commend the leadership of AltaGas for taking the steps necessary to enhance the deal."

The settlement agreement will include, among other things:

- Almost \$26 million in total credits for residential and non-residential ratepayers, resulting in a one-time credit of \$150 for each residential ratepayer in the District;
- A two-year freeze on rate increases for all ratepayers;
- A \$6 million commitment to the District to support workforce development programs to help train District residents for good-paying jobs, with specific outreach to residents in wards with the highest unemployment rates as well as individuals who have successfully completed supervision requirements in the justice system;
- A commitment by AltaGas to ensure that at least 90 percent of Washington Gas' contract work force is covered by union protections;
- A requirement for AltaGas to develop, at no cost to District ratepayers, 10

megawatts of either electric grid energy storage or tier-one renewable resources in the District of Columbia, with a commitment to reserve jobs for District residents to operate the constructed facility;

- And \$4.2 million for energy efficiency and energy conservation initiatives, with a primary focus on assisting low- and limited-income residents who are living in affordable multifamily units.

The agreement was filed today with the PSC, which must determine whether the merger (as conditioned by the settlement terms) is in the public interest.

In a separate matter, OPC obtained an agreement from Washington Gas that it will not seek recovery of any costs beyond a previously-agreed-upon cap of \$28 million, in connection with the replacement of obsolete infrastructure in the District. This infrastructure replacement is pursuant to a previous Commission order. The agreement ensures that ratepayers won't be responsible for cost overruns associated with the project.