

To: Ken Eudy
From: Jeremy Tarr
Date: December 22, 2017
Re: State / Local Incentives

In a prior discussion, you asked whether there is precedent for a company setting aside funds for community benefit before approval of a major deal or project. I found an illustrative case where utilities funded a customer investment fund for ratepayer benefits in order to win state approval of a merger. There is also precedent for a pipeline company paying more than the fair market value for an easement over public lands, with the overage directed to purposes desired by the state. The ACP route does not cross any NC state parks, but if helpful, I can look into whether it crosses any other type of public land, such as property owned by local governments or the state in some other capacity.

Exelon-Pepco Merger

In March 2016 Exelon and Pepco completed a \$6.8 billion merger. To get approval from public service commissions, the companies agreed that Exelon will provide direct benefits to customers and communities worth more than \$430 million. Washington, D.C. will receive \$72 million in a customer investment fund to be used for rate relief, energy conservation programs, and grid modernization. The terms of the merger and customer investment fund were highly contentious, and the companies' level of financial commitment to the fund increased through the negotiations.

<http://www.exeloncorp.com/newsroom/merger-close>

<https://www.rtoinsider.com/dc-psc-oks-exelon-pepco-merger-24090/>

Easement Payments for Pipeline Over Public Land

Tennessee Gas Pipeline Co. will pay Massachusetts \$640,000 for land taken by eminent domain in the Otis State Forest to construct the Connecticut Expansion. The land's fair market value is \$40,000. \$300,000 would go to acquisition of additional conservation land, and \$300,000 would go toward improvements in the state forest. The Connecticut Expansion is a \$93 million project greenlighted in December 2016.

http://www.masslive.com/news/index.ssf/2016/12/tennessee_gas_pipeline_agrees.html

<http://wamc.org/post/massachusetts-announces-settlement-over-pipeline-expansion-otis-st-forest>

In October 2017 the Virginia Outdoors Foundation approved easements for the ACP and Mountain Valley Pipeline to run through five Virginia counties. As part of that approval, the Foundation required ACP to provide more than 1,100 acres of conservation land as well as \$4 million for the long-term care of that land.

<http://www.virginiaoutdoorsfoundation.org/2017/10/vof-trustees-approve-acp-mvp-conversion-applications-oct-16-public-meeting/>