

1 A2 I am President of the Utility Division of AltaGas Ltd., one of the Applicants in this
2 docket.

3 **Q3 PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL**
4 **BACKGROUND.**

5 A3 I received a Bachelor of Arts degree from the University of Alberta in 1983 and a
6 Bachelor of Laws degree from Dalhousie Law School in 1986. Over the next 25 years, I
7 practiced energy and public utility law in Calgary, Alberta, representing gas, electric,
8 water and telecommunications utilities in general rate cases, tariff filings, negotiated
9 settlements and facilities approval matters. I was also involved in commercial
10 transactions involving utilities and, on my own time, was a developer and founding
11 shareholder of a hydro-electric power plant in Alberta. I have appeared before the
12 British Columbia Utilities Commission, the Alberta Utilities Commission, the Energy
13 Resources Conservation Board, the National Energy Board, the Canadian Radio-
14 television and Telecommunications Commission, Industry Canada, the Alberta Court of
15 Queen's Bench, the Alberta Court of Appeal, the Federal Court of Appeal and the
16 Supreme Court of Canada. I was a partner in Bennett Jones LLP (1996 – 2005) and
17 Burnet Duckworth & Palmer LLP (2005 – 2011). During my career, I have lectured and
18 published on energy matters. My lectures included the 2011 University of Alberta
19 Law/MBA Combined Course on Utility Law, the 2010 Incentive Regulation Workshop,
20 Van Horne Institute/Alberta Utilities Commission and the 2010 Canadian Bar
21 Association luncheon lecturer on Energy Regulation. My publications include *Recent*
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1 *Regulatory and Legislative Developments of Interest to Oil and Gas Lawyers*, (2009)
2 Alberta Law Review, Petroleum Law Edition, the Canada chapter, *The International*
3 *Comparative Legal Guide to Telecommunications Laws & Regulations 2011*, Global
4 Legal Group Ltd., London and *Towards a New Policy Framework for Oil Sands*
5 *Development*, Canadian Bar Association (Alberta Law Conference) 2006.

6
7 **Q4 PLEASE DESCRIBE YOUR CURRENT PROFESSIONAL RESPONSIBILITIES.**

8 A4 In my current position as President of the Utility Division of AltaGas Ltd., I am
9 responsible for utility company operations, with responsibility for three wholly-owned
10 natural gas distribution businesses in Alberta, British Columbia and Nova Scotia. I was
11 responsible for completing AltaGas Ltd.'s acquisition of Pacific Northern Gas Ltd. in
12 December 2011; and I am Chief Executive Officer ("CEO") and Director of AltaGas
13 Utilities Inc. ("AUI"), CEO and Director of Heritage Gas Limited, and Director of
14 Pacific Northern Gas Ltd.

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16 **Q5 PLEASE DESCRIBE THE PROPOSED TRANSACTION THAT GIVES RISE TO**
17 **THE CHANGE OF CONTROL FOR WHICH APPROVAL IS BEING SOUGHT,**
18 **INCLUDING ALTAGAS LTD. AND ALTAGAS UTILITY HOLDINGS (U.S.)**
19 **LLC.**

20 A5 AltaGas Utility Holdings (U.S.) LLC ("AltaGas U.S."), AltaGas Ltd., Continental
21 Energy Systems LLC ("Continental") and Semco Holding Corporation ("Semco
22 Holding") have entered into a Stock Purchase Agreement dated as of February 1, 2012
23 (the "Stock Purchase Agreement" or "SPA"), under which AltaGas U.S. has agreed to
24

1 purchase all of the issued and outstanding common shares of Semco Holding (the
2 "Proposed Transaction"). Semco Holding owns 100% of the outstanding shares of
3 SEMCO Energy, Inc. ("SEMCO"). ENSTAR Natural Gas Company ("ENSTAR") is a
4 division of SEMCO. Alaska Pipeline Company ("APC") is a wholly-owned subsidiary
5 of SEMCO. SEMCO also owns 65% of Cook Inlet Natural Gas Storage Alaska, LLC
6 ("CINGSA") through an indirect subsidiary, SEMCO-CINGSA Storage Company.
7 ENSTAR, APC and CINGSA are public utilities regulated by the Commission. The
8 Proposed Transaction will result in a straight forward change of ownership of Semco
9 Holding from Continental to AltaGas U.S. and thus a change of control of ENSTAR,
10 APC, and CINGSA.
11

12
13 AltaGas Ltd. is an energy infrastructure business with a focus on natural gas, power and
14 regulated utilities. As at December 31, 2011, AltaGas Ltd. had assets exceeding C\$3.5
15 billion and annual revenues of approximately C\$1.6 billion. The common and preferred
16 shares of AltaGas Ltd. are traded on the Toronto Stock Exchange. AltaGas Ltd. was
17 amalgamated on July 1, 2010, and its predecessor was incorporated on August 30, 1993,
18 and commenced business on April 1, 1994. The address of the head office and principal
19 place of business of AltaGas Ltd. is: 1700, 355 4th Ave. S.W., Calgary, AB, T2P 0J1.
20
21 Currently, as noted earlier in my testimony, AltaGas Ltd. owns and operates three
22 utilities in Canada.
23

1 AltaGas U.S. is a Delaware limited liability company formed on January 27, 2012.

2 AltaGas U.S. is an indirect wholly-owned subsidiary of AltaGas Ltd. The address of its
3 registered office in the State of Delaware is 2711 Centerville Road, Suite 400,
4 Wilmington, Delaware 19808.

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6
7 The goals of AltaGas Ltd. are to operate sound utility systems and deliver safe, reliable,
8 and adequate service to its customers at reasonable rates. At times, I will collectively
9 refer to AltaGas U.S. and AltaGas Ltd. as "AltaGas" in this testimony.

10 **Q6 WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

11 A6 My testimony is provided in support of the applications jointly submitted by AltaGas and
12 Continental (the "Applications") for approval of the change of control of ENSTAR,
13 APC, and CINGSA as a result of consummation of the Proposed Transaction embodied
14 in the Stock Purchase Agreement, which is attached to each Application as Exhibit A.
15 Ms. Deborah S. Stein, Senior Vice President, Finance and Chief Financial Officer of
16 AltaGas Ltd., and Treasurer of AltaGas U.S., and I are providing testimony on behalf of
17 AltaGas U.S. and AltaGas Ltd. Mr. George A. Schreiber, Jr., Continental and Semco
18 Holding President and Chief Executive Officer, is providing testimony on behalf of
19 Continental, ENSTAR, APC, and CINGSA. I will address the following topics:
20
21 (1) a description of AltaGas' business activities, including its experience in owning and
22 operating regulated utilities;
23

- 1 (2) a discussion of the Proposed Transaction from AltaGas' viewpoint, including an
2 explanation of the reasons for entering into the transaction;
3 (3) a discussion of the effects of the Proposed Transaction on utility customer rates and
4 service;
5 (4) a discussion of the effects of the Proposed Transaction upon the management and
6 labor force of the regulated utilities;
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8
9 (5) a discussion of why AltaGas is fit, willing and able to own ENSTAR, APC, and
10 CINGSA; and
11 (6) a statement explaining why Commission approval of the change of control resulting
12 from the Proposed Transaction is consistent with the public interest.
13

14
15 Ms. Stein's testimony will discuss the capital structure of AltaGas Ltd. and AltaGas U.S
16 before and after completion of the Proposed Transaction, why AltaGas Ltd. and AltaGas
17 U.S. are financially capable of acquiring and owning ENSTAR, APC and CINGSA, the
18 expected capital structure of ENSTAR, APC and CINGSA after closing of the Proposed
19 Transaction, and the ability of ENSTAR, APC and CINGSA to access capital after the
20 Proposed Transaction.
21

22 **Q7 PLEASE DESCRIBE ALTAGAS U.S. AND ALTGAS LTD., INCLUDING ALL**
23 **BUSINESS ACTIVITIES AND EXPERIENCE IN OWNING AND OPERATING**
24 **REGULATED UTILITIES.**

1 A7 In addition to the information set forth in A5 above, at December 31, 2011, AltaGas Ltd.
2 reported consolidated financial and operating results on the basis of four reporting
3 segments:

4 Gas

5 Extraction and Transmission consists of AltaGas Ltd.'s interests in ethane and natural
6 gas liquids ("NGL") extraction plants and natural gas and NGL transmission systems;
7 Field Gathering and Processing includes the field natural gas gathering and processing
8 business; and
9
10 Energy Services consists of three main businesses: energy management services, gas
11 services and natural gas storage.

12 Power

13 AltaGas Ltd.'s interests in coal-fired and gas-fired generation, wind power, run-of-river
14 power and interests in wind and run-of-river renewable power projects under
15 development.
16

17 Utilities

18 Natural gas transmission and distribution facilities in Alberta, British Columbia, Nova
19 Scotia and the Northwest Territories, Canada.

20 Corporate

21 Corporate includes the cost of providing services and general corporate overhead
22 (including treasury and access to capital markets), investments in public and private
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1 entities and the effects of the changes in the value of risk management assets and
2 liabilities.

3
4 One of AltaGas Ltd.'s principal businesses is the long-term ownership and operation of
5 regulated utilities. AltaGas Ltd.'s goals include operation of sound utility systems and
6 delivery of safe, reliable, and adequate service to its customers at reasonable rates.
7 AltaGas Ltd., through the original operations in Alberta, Canada, of AUI, which it
8 continues to own, has been a distributor of natural gas for over 57 years. Currently,
9 AltaGas Ltd. owns and operates three utilities in Canada. AltaGas Ltd. has indirect
10 100% ownership interests in AUI, Heritage Gas Limited and Pacific Northern Gas Ltd.,
11 serving approximately 115,000 customers.
12

13
14 As noted earlier, AltaGas U.S. is a Delaware limited liability company formed on January
15 27, 2012. The sole member of AltaGas Utility Holdings (U.S.) LLC is AltaGas Services
16 (U.S.) Inc., a Delaware corporation, and the sole shareholder of AltaGas Services (U.S.)
17 Inc. is AltaGas Ltd. AltaGas U.S. was formed to hold AltaGas Ltd.'s utility investments
18 in the U.S. Since its formation, AltaGas U.S. has conducted no business operations other
19 than in connection with the transactions contemplated by the Stock Purchase Agreement.
20

21 **Q8 PLEASE DISCUSS THE PROPOSED TRANSACTION FROM ATLAGAS'**
22 **VIEWPOINT AND EXPLAIN ITS REASONS FOR ENTERING INTO IT.**
23

1 A8 Mr. Schreiber's testimony accurately describes the Proposed Transaction. I would
2 augment his description with the following additional information from AltaGas'
3 perspective. On February 1, 2012, AltaGas Ltd. and AltaGas U.S. entered into the Stock
4 Purchase Agreement with Continental and Semco Holding to acquire all issued and
5 outstanding common stock of Semco Holding for US\$1.135 billion, including
6 approximately US\$355 million in assumed debt, and subject to adjustment as set forth in
7 the Stock Purchase Agreement. Semco Holding is the sole shareholder of SEMCO, and
8 SEMCO owns ENSTAR and APC and, through its subsidiary, SEMCO-CINGSA
9 Storage Company, has a 65 percent interest in Alaska Storage Holding Company, LLC,
10 which owns CINGSA. The change of control over ENSTAR and APC as a result of the
11 Proposed Transaction is the subject of this Application in this proceeding. The
12 applicants have submitted a separate application with the Commission for the approval of
13 the change of control of CINGSA. As the Commission knows, CINGSA is constructing
14 an in-ground natural gas storage facility on the Kenai Peninsula. Injections of gas into
15 the CINGSA facility began in April 2012.

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19 After closing of the Proposed Transaction, AltaGas U.S. will become the 100% owner of
20 Semco Holding and thus will have indirect control of ENSTAR and APC and a 65%
21 indirect interest in CINGSA. Exhibit B and Exhibit C to the Application are the
22 organization charts depicting the corporate organizational structure before and after
23 Proposed Transaction closes. The only difference between these two organization charts
24

1 is that, after Proposed Transaction closes, Continental will be replaced by AltaGas U.S.
2 as the 100% owner of Semco Holding. Notwithstanding this change in ownership, after
3 closing, it will be "business as usual" in ENSTAR, APC and CINGSA. ENSTAR, APC,
4 CINGSA and other assets and investments of SEMCO will continue to be managed and
5 operated by the same management team and employees, providing the same safe, reliable
6 and adequate service to their customers.
7

8
9 By this, I do not want to leave the impression that AltaGas intends to operate ENSTAR,
10 APC, and CINGSA on automatic pilot, without continually assessing changes that lead to
11 improved service, safety and reliability. In any prudently run operation, improvements
12 are always being sought in the ordinary course of business. The important point to stress
13 is that the Proposed Transaction itself will not be a driver of changes in the existing
14 utility businesses.
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16
17 From AltaGas' perspective as the purchaser, the businesses of ENSTAR, APC and
18 CINGSA are complementary to AltaGas' proven core competencies in managing
19 regulated utility investments and other energy infrastructure. The Proposed Transaction
20 fits with AltaGas Ltd's vision of being one of North America's leading energy
21 infrastructure companies and aligns with the strategy of growing by adding stable,
22 regulated, long-life assets to AltaGas' holdings. The Proposed Transaction is consistent
23 with AltaGas Ltd.'s strategy to grow in the northern U.S. and establishes a significant
24

1 foothold in areas with growth potential and in proximity to assets and operations AltaGas
2 Ltd. owns today. In addition, AltaGas Ltd. believes the Proposed Transaction provides a
3 broader platform on which to deploy its regulatory and management expertise. The
4 management team of SEMCO (including the ENSTAR division), which AltaGas expects
5 to retain, will contribute valuable operational expertise in natural gas distribution.
6

7
8 In addressing Continental's perspectives on the Proposed Transaction, Mr. Schreiber's
9 testimony states that he sees "the Proposed Transaction [as] a 'vote of confidence' in the
10 State of Alaska as a good place to do business." I share Mr. Schreiber's perspective on
11 this matter.
12

13 **Q9 PLEASE DISCUSS THE EFFECTS OF THE PROPOSED TRANSACTION ON**
14 **UTILITY CUSTOMER SERVICE AND RATES.**

15 A9 As I said earlier, after closing, it will be "business as usual" at ENSTAR, APC and
16 CINGSA. The only difference will be that a new entity, AltaGas U.S., will own 100% of
17 Semco Holding's issued and outstanding shares and thus control these entities. Gas
18 utility, gas transmission and gas storage service will continue to be provided to customers
19 in Alaska by the same personnel based in the same offices, doing the same jobs they do
20 now.
21

22
23 AltaGas Ltd. has a long history of operating natural gas utilities. Safety for employees
24 and the public is a core value of AltaGas Ltd. and all of its utility businesses. The
25

1 Proposed Transaction will not adversely affect the continued provision of safe, reliable,
2 and adequate gas utility service by ENSTAR, APC and CINGSA.
3

4 Utility rates will not change as a result of the Proposed Transaction. Assuming approval
5 of the Application as requested, AltaGas Ltd. and AltaGas U.S. will not seek recovery
6 from utility customers of any transaction costs, acquisition premiums, goodwill or
7 control premiums, or any fees or other costs incurred in connection with the Proposed
8 Transaction. Thus, the Proposed Transaction will leave undisturbed all currently-
9 effective rates, tariffs and contractual relationships.
10

11 **Q10 PLEASE DISCUSS THE EFFECTS OF THE PROPOSED TRANSACTION UPON**
12 **THE MANAGEMENT AND LABOR FORCE OF ENSTAR, APC AND CINGSA.**
13

14 A10 AltaGas Ltd. and AltaGas U.S. will retain the current management team and the
15 employees involved in the operation of ENSTAR, APC and CINGSA. No labor force
16 reductions are expected as a result of the Proposed Transaction. In fact, specific
17 commitments are included in the Stock Purchase Agreement to maintain continuity in the
18 existing management and workforce, and thus help provide for the continued provision
19 of safe, reliable, and adequate gas utility service to customers. Commitments in the
20 Stock Purchase Agreement include: (i) honoring all collective bargaining agreements; (ii)
21 maintaining existing compensation and benefits arrangements (or substantially
22 comparable compensation and benefits, in the aggregate, if changes are made) for a
23 period of two years after the closing on the Proposed Transaction; (iii) not terminating
24
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1 the employment of any employees without cause for a period of two years after the
2 closing of the Proposed Transaction; and (iv) maintaining current Alaska corporate
3 offices.

4
5 The Proposed Transaction will not affect current employee compensation policies and
6 practices applicable to ENSTAR, APC and CINGSA. The Stock Purchase Agreement
7 provides that, for a period of two years after the closing on the Proposed Transaction,
8 AltaGas Ltd. and AltaGas U.S. will maintain existing compensation and benefit
9 arrangements (or put in place substantially comparable compensation and benefits, in the
10 aggregate, if changes are made). This commitment includes continuing to provide retiree
11 medical and long-term disability coverage and, if substitute benefits are put in place,
12 recognizing each employee's prior service and waiving pre-existing condition limitations
13 and other benefit plan requirements that might otherwise cause a loss or reduction in
14 employee benefits.
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18 **Q11 PLEASE EXPLAIN , IN YOUR OPINION, WHY ALTAGAS IS FIT, WILLING**
19 **AND ABLE TO CONTROL ENSTAR, APC, AND CINGSA.**

20 A11 AltaGas is fit, willing and able to control ENSTAR, APC, and CINGSA for the following
21 independent reasons:
22

- 23 (1) AltaGas Ltd. has a good understanding of the regulatory, business and social
24 environment in which ENSTAR, APC, and CINGSA operate in Alaska. AltaGas

1 Ltd. has successfully operated regulated utilities in several locations in Canada and
2 has a demonstrated track record of successful, safe, and reliable operation and
3 regulatory compliance. Through its wholly- owned subsidiaries that operate utilities
4 in North America, AltaGas Ltd. has considerable regulatory, operating and financial
5 expertise in relation to the management of regulated utilities. AltaGas Ltd. believes
6 that the Semco Holding businesses, having well diversified, mature customer bases
7 and operating principally under cost-of service regulation, are similar in all
8 fundamental respects to the businesses of the utilities in the AltaGas Ltd. group of
9 companies.
10

11 (2) In addition to utility management expertise, AltaGas Ltd. has a Board of Directors
12 with extensive utility management and regulatory experience, as described in Exhibit
13 K of the Applications.
14

15 (3) AltaGas Ltd. has a proven track record of successful regulatory compliance. Local
16 managers of AltaGas Ltd.'s utility business maintain good, long-standing working
17 relationships with regulators in their respective jurisdictions, including the Alberta
18 Utilities Commission, the British Columbia Utilities Commission (the "BCUC"), and
19 the Nova Scotia Utility and Review Board.
20

21 (4) AltaGas Ltd. is financially sound. It has the financial strength to complete the
22 Proposed Transaction and to finance the continued growth of the ENSTAR, APC and
23 CINGSA. AltaGas Ltd. maintains an Investment Grade Credit Rating (BBB) with
24 both the Dominion Bond Rating Service ("DBRS") and Standard & Poor's. Prior to
25

1 announcement of the Proposed Transaction, AltaGas Ltd. had approximately C\$1
2 billion of available liquidity through undrawn credit facilities and cash on hand. In
3 conjunction with the announcement of the Proposed Transaction, AltaGas Ltd. issued
4 C\$403 million subscription offering receipts, including the exercise of the over-
5 allotment option, and also obtained a new US\$300 million syndicated credit facility,
6 which closed on March 2, 2012. In addition, AltaGas Ltd. has an established track
7 record in the issuance of medium term notes and preferred shares in the capital
8 market, most recently evidenced by the issuance of C\$200 million (approximately
9 US\$200 million) medium term notes maturing June 1, 2020, on April 13, 2012.
10
11 AltaGas Ltd.'s stable financial condition is underscored by DBRS' confirmation of
12 AltaGas Ltd.'s BBB credit rating with a stable trend and S&P's affirmation of
13 AltaGas Ltd.'s BBB credit rating with a stable outlook after the announcement of the
14 Proposed Transaction. Furthermore, Standard & Poor's views the Proposed
15 Transaction to be positive for both AltaGas Ltd. and SEMCO, and confirmed
16 AltaGas Ltd.'s good access to capital markets, as is evident from Standard & Poor's
17 February 9, 2012 Research Update entitled "*Ratings on SEMCO Energy Inc. Are*
18 *Placed on Credit Watch Positive After Announced Sale to AltaGas*", attached to Mr.
19 Schreiber's testimony as Exhibit GAS-3. AltaGas Ltd.'s strong access to capital will
20 support the continued growth of ENSTAR, APC and CINGSA.
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1 **Q12 PLEASE EXPLAIN WHY COMMISSION APPROVAL OF THE CHANGE OF**
2 **CONTROL RESULTING FROM THE PROPOSED TRANSACTION IS**
3 **CONSISTENT WITH THE PUBLIC INTEREST.**

4 A12 Mr. Schreiber's testimony addresses the public interest question from his viewpoint.
5 AltaGas Ltd. and AltaGas U.S. are of the view that Commission approval of the change
6 of control resulting from the Proposed Transaction is consistent with the public interest
7 for the following reasons:

- 8
- 9 (1) The service provided to their Alaska customers by ENSTAR, APC and CINGSA will
10 be unaffected by the Proposed Transaction. As I noted, safety of its employees and
11 the public is a core value of AltaGas Ltd. AltaGas consistently delivers safe, reliable,
12 and adequate natural gas distribution services in North America. Following the
13 closing of the Proposed Transaction, ENSTAR, APC and CINGSA will remain
14 focused on the provision of safe, reliable, adequate, and cost-effective service to their
15 customers.
16
- 17 (2) As with all the utilities that AltaGas Ltd. owns, ENSTAR, APC and CINGSA will
18 continue to operate on a stand-alone basis after completion of the Proposed
19 Transaction. AltaGas Ltd. and AltaGas U.S. plan to maintain the existing Alaska
20 offices. AltaGas Ltd. and AltaGas U.S. will retain the current management team and
21 the employees involved in ENSTAR, APC, and CINGSA operations. Therefore,
22 from the perspectives of customers and employees, it will be "business as usual" after
23 the completion of the Proposed Transaction.
24

1 (3) AltaGas Ltd. is committed to employee health and safety and the communities it
2 serves. It is voted one of Canada's Top Employers six times in the last decade and is
3 one of Alberta's Top Employers for the past seven years. In 2011, AltaGas Ltd. was
4 awarded one of Canada's Most Admired Corporate Cultures in Western Canada, and
5 most recently in February 2012, AltaGas Ltd. received Best Employer Award for 50-
6 Plus Canadians. In addition, AltaGas Ltd. has strong relationship with the United
7 Way and other charities with a strong commitment to community.
8

9 (4) ENSTAR, APC and CINGSA will continue to be regulated by the Commission and
10 will remain subject to the Commission's affiliate transaction and cost allocation rules.
11

12 (5) Assuming approval of the Application as requested, AltaGas Ltd. and AltaGas U.S.
13 will not seek recovery through the rates paid by ENSTAR, PC and CINGSA
14 customers of any transaction costs, acquisition premiums, goodwill or control
15 premiums, or any fees or other costs incurred in connection with the Proposed
16 Transaction. Therefore, the Proposed Transaction will not adversely impact the
17 currently-effective tariffs, rates and contractual relationships of ENSTAR, APC, or
18 CINGSA.
19

20 (6) Post-closing, ENSTAR, APC, and CINGSA will be adequately funded. The
21 Proposed Transaction will not reduce or impair their ability to access capital. Equity
22 capital will continue to be provided by, or through, SEMCO. There are no covenants,
23 agreements or legislative restrictions on AltaGas Ltd. or AltaGas U.S. that would
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1 reduce or impair the ability of these Alaska jurisdictional utilities to have continued
2 access to capital markets.

3 (7) Completion of the Proposed Transaction will have no adverse impact upon the
4 ongoing operations of ENSTAR, APC and CINGSA.

5 (8) ENSTAR, APC and CINGSA will continue to be regulated by the Commission.

6 There is nothing about the Proposed Transaction that would adversely affect the
7 exercise by the Commission of its ongoing regulatory jurisdiction over each of the
8 affected Alaska jurisdictional utilities.
9

10 **Q13 IN COMMENTS FILED ON MARCH 12, 2012, IN THIS PROCEEDING,**
11 **ANCHORAGE MUNICIPAL LIGHT & POWER (“ML&P”) STATED THAT IT**
12 **IS CRITICAL THAT THE ENTITIES PROPOSING TO ACQUIRE CONTROL**
13 **OF ENSTAR, APC, AND CINGSA DEMONSTRATE A WILLINGNESS TO**
14 **COMMIT THE RESOURCES NECESSARY FOR ENSTAR, APC, AND CINGSA**
15 **TO DO THEIR PARTS TO ADEQUATELY MEET THE CHALLENGES**
16 **CONFRONTING NATURAL GAS SUPPLY AND TRANSPORTATION**
17 **SERVICE IN SOUTHCENTRAL ALASKA. HOW DO YOU RESPOND?**

18
19 **A13** Before agreeing to enter into the Proposed Transaction, AltaGas conducted a thorough
20 “due diligence” investigation of the utilities it proposes to acquire, including ENSTAR,
21 APC, and CINGSA, and the environments in which they operate. AltaGas is fully aware
22 of the challenges described by ML&P and is willing to work cooperatively with ML&P
23 and other Southcentral Alaska utilities to explore and develop options for overcoming
24

1 those challenges. The Commission can rest assured that AltaGas is committed to take the
2 necessary actions to ensure the long-term success of ENSTAR, APC and CINGSA, all of
3 which require a reliable long-term supply of natural gas. As ML&P acknowledged in its
4 comments, meeting the gas supply needs of Southcentral Alaska is a challenge that will
5 require cooperative efforts by all Southcentral utilities to overcome. AltaGas will see to
6 it that APC, ENSTAR and CINGSA will continue to contribute their fair share to those
7 important efforts.
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9 **Q14 DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A14 Yes, it does.
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