

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 12-M-0192 - Joint Petition of Fortis Inc. *et al.* and CH Energy Group, Inc. *et al.* for Approval of the Acquisition of CH Energy Group, Inc. by Fortis Inc. and Related Transactions.

NOTICE OF PUBLIC STATEMENT HEARINGS
ON A PROPOSAL TO APPROVE THE ACQUISITION OF
CENTRAL HUDSON GAS AND ELECTRIC CORPORATION BY FORTIS, INC.

(Issued April 2, 2013)

The New York State Public Service Commission seeks additional public comment on a Joint Proposal filed in this case on January 28, 2013. The proposal, which may be accepted, rejected or modified by the Commission, in whole or in part, was signed by representatives of the Department of Public Service Staff; Central Hudson Gas & Electric Corporation (Central Hudson) and its parent company; Fortis, Inc. (Fortis) and its subsidiaries; the New York State Department of State Utility Intervention Unit; Multiple Intervenors; and the Counties of Dutchess, Orange and Ulster.¹

Under the terms of the Joint Proposal, the indirect acquisition of Central Hudson by Fortis through the merger of Central Hudson's parent company, CH Energy Group Inc., with a subsidiary of Fortis would be approved subject to a number of conditions. Some of the principal conditions include:

- Financial measures intended to protect the financial integrity and credit standing of Central Hudson
- A freeze on Central Hudson electric and gas delivery rates through July 1, 2014

¹ The counties supported specific provisions of the Joint Proposal and took no position on the rest of the proposal. Subsequently, the Ulster County Legislature adopted a resolution stating that it "cannot support the proposed merger ... as it has been proposed." (Resolution No. 82, March 19, 2013, p. 2)

- Provision of \$35 million to cover expenses that would normally be included in rates, such as storm restoration costs associated with Superstorm Sandy.
- Establishment of a \$5 million Community Benefit Fund for economic development and low income customer assistance programs
- A guarantee of \$9.25 million in savings to ratepayers over five years
- Continuation of customer service, reliability and safety mechanisms with increased negative revenue adjustments for failure to meet targets
- Adoption of provisions to ensure that funds provided in rates for planned maintenance and capital improvements are timely expended
- Establishment of a pilot program to test ideas for economically expanding gas service to new customers
- Assurance of local representation on the Central Hudson board of directors and a requirement that any proposed relocation of Central Hudson headquarters outside the service territory be approved by the Commission

A full copy of the Joint Proposal may be viewed, printed or downloaded from the Commission's website at:
<http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={DBB665D6-472B-4F71-BD8E-106D7910FA75}>

TAKE NOTICE that members of the public may provide comments on the Joint Proposal at public statement hearings to be held as follows:

Poughkeepsie Wednesday, April 17, 2013
7:00 p.m.
Common Council Chambers
Municipal Building, 3rd Floor
62 Civic Center Plaza

Kingston Thursday, April 18, 2013
7:00 p.m.
Council Chambers
Kingston City Hall
420 Broadway

The purpose of these hearings is to allow interested members of the public to provide their views personally before an Administrative Law Judge assigned by the Commission to the case. A verbatim transcript of each hearing will be made for inclusion in the record of the proceeding.

It is not necessary to be present at the start of the hearing or to make an appointment in advance in order to speak. Persons interested in speaking will be asked to complete a card requesting time to speak when they arrive at the hearing, and will be called in the order in which the cards are received. Speakers are not required to provide written copies of their comments.

Each of the public statement hearings will be held open for a minimum of one hour, and will be kept open until everyone wishing to speak has been heard or other reasonable arrangements have been made to include their comments in the record.

Parking for the Poughkeepsie hearing will be available in the parking garage at 62 Civic Center Plaza at no charge to participants.

Disabled persons requiring special accommodations should contact the Department of Public Service's Human Resource

Management Office at (518) 474-2520 as soon as possible. TDD users may request a sign language interpreter by placing a call through the New York Relay Service at 711 to reach the Department of Public Service's Human Resource Office at the (518) 474-2520 number. Individuals with difficulty understanding or reading English are encouraged to call the Commission at 1-800-342-3377 for free language assistance services regarding this notice.

Other Ways to Comment

Internet or Mail: Those who cannot attend or prefer not to speak at a public statement hearing may comment electronically to Hon. Jeffrey C. Cohen, Acting Secretary, at secretary@dps.ny.gov or by mail or delivery to the Acting Secretary at Public Service Commission, Three Empire State Plaza, Albany, New York 12223-1350. Comments should refer to "Case 12-M-0192 - Central Hudson/Fortis Merger."

Toll-Free Opinion Line: You may call the Commission's Opinion Line at 1-800-335-2120. This number is set up to take comments about pending cases from in-state callers, 24 hours a day. Press "1" to leave comments, mentioning the Central Hudson/Fortis merger.

All comments provided through these alternative methods should be submitted, or mailed and postmarked, no later than May 1, 2013. All such statements and comments will become part of the record and be reported to the Commission for its consideration.

All submitted comments may be accessed on the Commission's Web site at www.dps.ny.gov, by searching Case 12-M-0192. Many libraries offer free Internet access.

This matter is being heard in Case 12-M-0192 - Joint Petition of Fortis Inc., FortisUS Inc., Cascade Acquisition Sub

CASE 12-M-0192

Inc., CH Energy Group, Inc., and Central Hudson Gas & Electric Corporation for Approval of the Acquisition of CH Energy Group, Inc. by Fortis Inc. and Related Transactions.

(SIGNED)

JEFFREY C. COHEN
Acting Secretary