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Eversource to buy assets of Columbia Gas of Massachusetts

By Gintautas Dumcius

– Digital Editor, Boston Business Journal

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Eversource Energy, the largest energy company in New England, agreed to buy the assets of Columbia Gas of Massachusetts, just hours after federal prosecutors said Columbia Gas would plead guilty to violating federal law in connection with the 2018 explosions in the Merrimack Valley.

Under the \$1.1 billion deal, Eversource (NYSE: ES), which has 300,000 natural gas customers, would take over the NiSource Inc. (NYSE: NI) subsidiary, which serves 330,000 customers in the Merrimack Valley, greater Springfield and southeastern Massachusetts.

In a Wednesday night release announcing the deal, Eversource said many Columbia Gas customers already receive electric service from Eversource. Overall, Eversource has 4 million customers in Massachusetts, New Hampshire and Connecticut.

“Eversource is uniquely positioned to leverage the strengths of our current and future workforce, facilities, gas supply resources and business processes to achieve greater operational efficiency, while continuing to deliver on our unwavering commitment to safety and superior service for our customers,” said Jim Judge, Eversource's chairman, president and CEO, in a statement.

The asset purchase agreement calls for liabilities linked to the September 2018 gas explosions to “remain the responsibility of Columbia Gas's current parent company, NiSource,” the Eversource release says. NiSource is based in Indiana, while Columbia Gas of Massachusetts is headquartered in Westborough.

The deal still needs the approval of regulators with the U.S. Department of Justice and the Massachusetts Department of Public Utilities. The proposed acquisition is expected to be financed through new equity and debt, Eversource said.

NiSource, in its own release, said the “purchase price represents a loss compared to the book value of Columbia Gas of Massachusetts.”

The deal was announced hours after federal prosecutors in Boston outlined a \$53 million fine and a plea agreement with Columbia Gas of Massachusetts and NiSource.

The plea agreement called for NiSource to sell Columbia Gas to a “qualified third-party buyer” and NiSource to “cease and desist any and all gas pipeline and gas distribution activities” in Massachusetts, prosecutors said.

Mark Kempic, president and chief operating officer for Columbia Gas of Massachusetts, called Eversource “the right partner” for the company.

“While we have taken significant restoration and safety steps over the past 17 months, we acknowledge that events have led many to lose trust in Columbia Gas,” he said in a statement. “We believe that Eversource’s proven track record of investing in its infrastructure, employees and operations to enhance system reliability, combined with its deep familiarity with the region and our operations, will enable Columbia Gas of Massachusetts to be a part of a strong local gas distribution company.”

Eversource tapped Ropes & Gray LLP as its legal adviser in the deal, and Goldman Sachs & Co. LLC served as the exclusive financial adviser. Lazard served as NiSource's financial adviser, while Sidley Austin LLP and WilmerHale served as legal counsel.

"Eversource and Columbia Gas intend to engage with key regulatory stakeholders and consumer advocates over the next 30 days to review the investments needed to operate the system, to minimize rate impacts and review key benefits for customers," with the transaction slated to close by the end of the third quarter, the Eversource release said.

<https://www.bizjournals.com/boston/news/2020/02/26/eversource-to-buy-assets-of-columbia-gas-of.html>