Client:
SteelRiver Infrastructure Fund North America LP

WINNING APPROVAL FOR YOUR MULTI-BILLION-DOLLAR UTILITIES TRANSACTION

Utilities are among the most heavily regulated businesses in the country, and closing utilities M&A transactions of any size — let alone deals valued in the billions — is infamously difficult. When SteelRiver Infrastructure announced plans to sell Peoples Natural Gas Company and Peoples Gas Company in Pittsburgh to the water utility Aqua America, it expected a protracted and contentious fight to win regulatory approval of the sale from the Pennsylvania Public Utility Commission (PUC).

The PUC process did not disappoint. Nor did Cozen O'Connor, which led every aspect of the effort to obtain the required PUC regulatory approvals on behalf of SteelRiver, the New York-based investment management fund that had owned Peoples since 2008. Cozen O'Connor won PUC approval in January and the $4.25 billion sale closed on March 16, 2020, just before the pandemic shutdown most M&A activity.

Under Pennsylvania statutes, not only did Aqua have to convince the PUC of its legal, technical, and financial fitness to enter the gas and natural gas marketplace, the deal also had to clear the unusually high bar of being a substantial affirmative benefit to the public. Cozen O'Connor negotiated the regulatory provisions of the purchase and sale agreement, and fully litigated the PUC approval proceeding, which was opposed by natural gas suppliers, the local electric company, public advocates, and others.

In the end, SteelRiver was able to strike a settlement with some, but not all, parties and secure PUC approval of the settlement and a highly beneficial exit. The success of this transaction was an important step toward assuring other major investors and equity funds that Pennsylvania has a good regulatory climate and is a place to do business.

CASE STUDIES INDEX

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CAPABILITIES

Utility & Energy