SUMMARY OF JOINT PROPOSAL IN CASES 18-G-0133 AND 18-G-0140

On May 31, 2019, the Staff of the Department of Public Service ("Staff"), St. Lawrence Gas Company, Inc. ("SLG"), Liberty Utilities Co. ("Liberty Utilities"), Multiple Intervenors (which represents large industrial customers), Agri-Mark, Inc., and Upstate Niagara Cooperative, Inc. (both large customers of SLG in the dairy products industry) entered into a Joint Proposal (the "2019 Joint Proposal"). If adopted by the New York Public Service Commission (the "Commission"), the 2019 Joint Proposal will resolve all contested issues in: (1) Case 18-G-0133 (the "Expansion Rate Case"), which addresses surcharge rates for customers in the portions of Franklin County and St. Lawrence County served by SLG's newly expanded transmission and distribution facilities (the "Expansion Area," as distinct from SLG's pre-existing "Legacy Area"), and capital expenditures related to those facilities; and (2) Case 18-G-0140 (the "Acquisition and Financing Case"), which addresses Liberty Utilities' proposed acquisition of SLG from Enbridge Gas Distribution, Inc. (the "Acquisition"), as well as a request for authority to issue long-term debt (the "Financing").

The Joint Proposal includes the following key provisions:

- The Joint Proposal recommends no changes to the rates SLG charges to its customers.
- SLG's base rates, set by the Commission in 2016 in Case 15-G-0382 (2016 Rate Plan), will remain frozen at current levels through May 31, 2022. The 2016 Rate Plan provides for certain customer credits to decrease each year, beginning on June 1, 2019 and June 1, 2020. Those changes will occur as previously authorized by the Commission;
- The Contribution in Aid of Construction ("CIAC") surcharge, which customers in the Expansion Area pay to contribute to the capital costs of constructing the facilities that serve them, will continue at current levels. Further, the CIAC will end no later than January 31, 2023;
- SLG will write down plant-in-service related to the Expansion Area by $19 million and forgo the recovery of certain other expenses, until SLG's base rate revenues from the Expansion Area are sufficient to meet SLG's costs to serve that area;

- If, by January 31, 2023, SLG's base rate revenues from the Expansion Area are not sufficient to meet SLG's costs to serve that area, SLG will make an additional write down to plant-in-service to address the shortfall;

- Liberty Utilities will provide $1.5 million in shareholder funds to: (1) establish a "Carbon Reduction Initiative" to provide a total of $1.0 million over three years to assist residential and small general firm service customers seeking to install high-efficiency natural gas equipment and weatherization; and (2) defer $0.5 million for the future benefit of customers, as determined by the Commission;

- Updates to targets for customer service, reliability, and safety performance metrics, and increased negative revenue adjustments for failure to meet those targets;

- Financial measures intended to protect the financial integrity and credit standing of SLG;

- Enhancements to capital investment processes and procedures to improve the planning and executing of capital projects;

- Ensuring the local focus of SLG's management by requiring that the board of directors overseeing SLG's operations includes an independent director who resides in the region, and that the headquarters of SLG remain within the service area for at least five years;

- Measures to ensure that SLG continues to appropriately optimize the use of its contracted pipeline capacity assets for the benefit of customers; and

- Mechanisms to track any potential synergy savings, the costs and benefits of the current Acquisition, and the benefits of any future acquisitions by Liberty Utilities;

- Authorization for SLG to issue up to $28.2 million in long-term debt.