**PURA Approves Iberdrola/UIL Change of Control**

On December 9, 2015, the Public Utilities Regulatory Authority (PURA) issued a final decision approving a change of control proposed by Iberdrola USA Networks, Inc., Iberdrola USA, Inc., Iberdrola, S.A, Green Merger Sub, Inc. (together, Iberdrola) and UIL Holdings Corporation (UIL)(together with Iberdrola, the Applicants). UIL is the holding company for three public utilities in Connecticut: The United Illuminating Company, Connecticut Natural Gas Corporation, and The Southern Connecticut Gas Company.

The Final Decision accepted, with minor revisions, a settlement agreement negotiated between the Office of Consumer Counsel (OCC) and the Applicants. The Settlement Agreement provides significant economic benefits to customers and the State of Connecticut, ensures that management remains local within Connecticut, and protects customers through the imposition of significant “ring-fencing” measures to insulate the local utilities from significant financial hardships of the new parent company.

The Settlement Agreement provides for the following short and long term benefits:

* + - * 1. A $20 million rate credit in aggregate to the customers of Connecticut Natural Gas Corporation (CNG), The Southern Connecticut Gas Company (SCG) and The United Illuminating Company (UI and together with CNG and SCG, the UIL Utilities) will be applied to billing cycles in or before the third full billing month following the closing of the Proposed Transaction;
        2. $12.5 million in additional rate credits to customers of CNG over the ten year period of 2018-2027 ($1.25 million/year);
        3. $7.5 million in additional rate credits to customers of SCG over the ten year period of 2018-2027 ($0.75 million/year);
        4. $1.6 million in savings for customers of SCG resulting from accelerating the replacement of cast iron and bare steel pipe over the next three years;
        5. Assurance of rate stability through distribution base rate freezes for UI until January 1, 2017 and for CNG and SCG until January 1, 2018;
        6. $2 million per year for a three-year period in funding for the Connecticut Department of Energy and Environmental Protection (“DEEP”) to stimulate investment in clean energy;
        7. An estimated UI customer benefit of $5 million associated with limited rate recovery for $50 million of distribution storm resiliency investment at UI;
        8. A commitment to hire 150 people in Connecticut over the next three years;
        9. Long-term commitments to maintain corporate headquarters and operations, maintain charitable giving levels and protect jobs in Connecticut;
        10. $1 million for disaster relief needs for Connecticut residents;
        11. UI’s commitment through a signed Partial Consent Order that requires UI to investigate and remediate certain environmental conditions within the perimeter of the English Station site. To the extent that the investigation and remediation is less than $30 million, UI will remit to the State of Connecticut the difference between such costs and $30 million for a public purpose as determined in the discretion of the Governor, the Attorney General, and the Commissioner of DEEP. The remediation will benefit the City of New Haven, further the State’s broader goals of revitalizing contaminated sites and provide a public interest benefit estimated at $30 million;
        12. Commitments to improve customer service quality and maintain the UIL Utilities’ high quality of service and reliability;
        13. Commitments to utilize the experience of the current management of UIL and the UIL Utilities in Connecticut to ensure the continued strong performance of the UIL Utilities, including maintaining the decision-making processes and authorities that currently exist at the UIL Utilities; and
        14. A commitment to implement comprehensive ring-fencing measures designed to protect the financial condition of UIL and the UIL Utilities over the long-term from potential changes in the financial circumstances of IUSA, Iberdrola or their other affiliates.

PURA found that the Settlement Agreement provides $40M in ratepayer credits to the existing customers of the UIL Utilities, approximately $45.4M in potential avoided cost recovery, and approximately $39M in public benefits, thus “tipping the scale” in favor of the transaction.