

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-40, SUB 160

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Joint Application of Frontier Natural Gas)	APPLICATION AND
Company and Ullico Infrastructure)	REQUEST FOR WAIVER OF
Hearthstone Holdco, LLC for Approval of the)	MARKET STUDY
Sale and Transfer of Stock)	REQUIREMENT

Frontier Natural Gas Company (“Frontier”) and Ullico Infrastructure Hearthstone Holdco, LLC (“UIHH”) (collectively, the “Applicants”), through their respective undersigned counsel, and pursuant to N.C. Gen. Stat. § 62-111, hereby apply to the North Carolina Utilities Commission (the “Commission”) for approval of a transaction whereby Hearthstone Utilities Inc. (“HUI”) and its subsidiaries will become wholly owned subsidiaries of UIHH, and authorization and/or waiver as is necessary and appropriate to effect the proposed transaction.

In support of this application, the Applicants show the Commission the following:

1. The names and addresses of the Applicants are:

Frontier Natural Gas Company
Attn: Fred A. Steele
110 PGW Drive
Elkin, North Carolina 28621

Ullico Infrastructure Hearthstone Holdco, LLC
Attn: Sonia Axter
111 South Wacker Drive, Suite 3925
Chicago, IL 60606

2. It is respectfully requested that any notices or other communications with respect to this application be served upon the following:

For Frontier:

James H. Jeffries IV
McGuireWoods LLP
201 North Tryon Street, Suite 3000
Charlotte, NC 28202
Telephone: 704-343-2348
Email: jjeffries@mcguirewoods.com

For UIHH:

Marcus W. Trathen
Craig Schauer
Brooks, Pierce, McLendon,
Humphrey & Leonard, LLP
Suite 1700, Wells Fargo Capitol Center
150 Fayetteville Street
P.O. Box 1800 (zip 27602)
Raleigh, NC 27601
Telephone: (919) 839-0300
Email: mtrathen@brookspierce.com
Email: cschauer@brookspierce.com

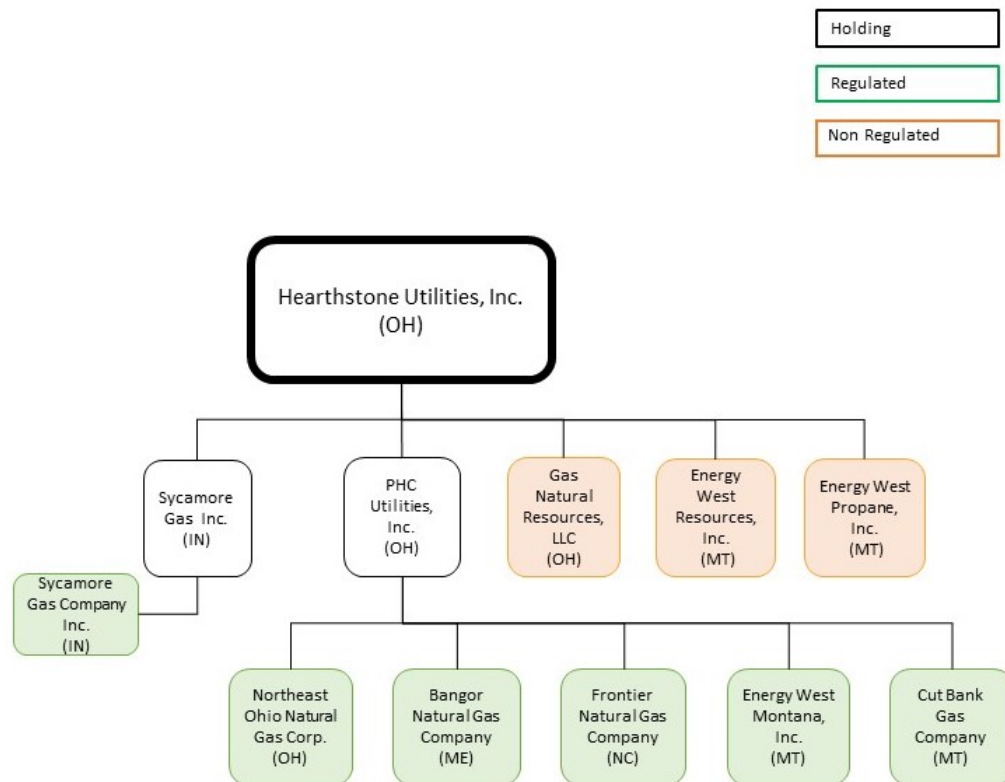
DESCRIPTION OF THE APPLICANTS AND INVOLVED ENTITIES

3. Frontier is a corporation duly organized and existing under the laws of the State of North Carolina, with its headquarters in Elkin, North Carolina. Frontier is a North Carolina public utility within the meaning of N.C. Gen. Stat. § 62-3(23) whose operations within the state are subject to the provisions of Chapter 62 of the General Statutes and the jurisdiction of the Commission. A copy of Frontier's financial statements as of September 30, 2020, is attached as Exhibit A.

4. Frontier is a wholly owned subsidiary of PHC Utilities, Inc. ("PHC"), and PHC is wholly owned by HUI.¹ HUI is a holding company and the indirect parent of several natural gas utilities serving approximately 82,000 customers in Indiana,

¹ Neither HUI nor PHC is a gas utility under North Carolina law and, thus, they are not presently subject to this Commission's jurisdiction or supervision.

Montana, North Carolina, Ohio, and Maine. HUI has employees and is actively engaged in providing services and oversight for its subsidiary utilities, including Frontier. HUI's corporate structure showing its regulated and unregulated holdings is depicted below:



5. HUI is owned by GEP Bison Holdings, Inc. (“GBH”), which is owned by an infrastructure fund managed by an investment management subsidiary of BlackRock, Inc. PHC and GBH are intermediary holding companies which do not have employees, do not provide utility service in any of the states in which their utility subsidiaries operate, and do not make operational, regulatory, or financial decisions for any of the operating utilities they hold, including Frontier.

6. UIHH is a special purpose entity established for the purpose of acquiring GBH and its subsidiaries, including HUI and Frontier (the “Transaction”).

7. UIHH is a wholly-owned subsidiary of Ullico Infrastructure Master Fund, L.P., which, along with its general partner UIF GP, LLC (“UIF GP”), are referred to as Ullico Infrastructure Fund (“UIF” or the “Fund”). Ullico Infrastructure Master Fund, L.P. is an infrastructure investment vehicle created and managed under the Ullico Affiliated Group. The Union Labor Life Insurance Company established the Ullico Affiliated Group to provide institutional investors the opportunity to make long-term investments, on a commingled basis, into the ownership, maintenance and refurbishment of the nation’s infrastructure. Accordingly, UIF’s investment vehicle is structured as an open-ended fund that does not have a defined term of existence, which allows UIF to be committed to a buy-and-hold strategy for its portfolio investments. UIF made its first investment in 2012 and currently has \$3.26 billion in commitments, with \$2.34 billion of invested capital and \$918 million of capital available for future investments. UIF has made 18 investments in the past decade across the transportation, energy, and utilities sectors in the United States and Canada.

THE PROPOSED TRANSACTION

8. On December 22, 2020, GBH’s current controlling owner, GEPIF II ECHO AIV, L.P.,² entered into a Stock Purchase and Sales Agreement (“SPSA”) with UIHH. As this proposed change in Frontier’s upstream ownership requires the Commission’s approval, the Applicants are filing this application seeking approval of the Transaction.

9. The Transaction represents an acquisition of GBH by UIF through its newly formed subsidiary UIHH, whereby GBH will become a wholly owned subsidiary

² Formerly “FREIF II Echo AIV, L.P.” See Order Approving Merger Subject to Regulatory Conditions, Docket No. G-40, Sub 136, at 3 (Aug. 1, 2017).

of UIHH. After the Transaction, GBH and its subsidiaries will remain as currently structured as wholly owned subsidiaries of UIHH. A copy of the SPSA is attached as Exhibit B. The SPSA is confidential and, thus, is filed under confidential seal. A depiction of the post-Transaction corporate structure is attached as Exhibit C.

UIF AND ITS EXPERIENCE WITH ENERGY AND UTILITY INVESTMENTS

10. As described by Ms. Sonia Axter—a Vice President of UIF GP, LLC and a Vice President of UIHH—UIF has experience owning and financing a mixture of energy related firms, including investments in regulated utility assets. UIF’s investment vehicle is an open-ended investment fund that makes investments in infrastructure businesses that provide essential services to communities, governments, and businesses. UIF made its first equity investment in November 2012. Since that time, UIF has secured more than \$3 billion in commitments from investors.

11. UIF has made 18 investments across the transportation, energy, and utilities sectors, providing geographic and sector diversification. As detailed in Ms. Axter’s testimony, these investments include, among others, ownership in a water and wastewater utility, a high-voltage submarine transmission cable, four combined-cycle generation plants, several solar and wind farms, and a natural gas transmission pipeline system.

12. To support its acquisition of GBH and its subsidiaries, UIF has engaged Morgan O’Brien, a seasoned utility executive with extensive experience leading and managing rate regulated electric and gas LDC operations in the United States. Mr. O’Brien has more than 30 years of experience in the regulated public utility industry, including serving as the Chief Executive Officer of Peoples Natural Gas Company LLC

and Peoples Gas Company LLC, and Duquesne Light Company, all of which are public utilities regulated by the Pennsylvania Public Utility Commission. Mr. O'Brien will assist UIF in assuring that the utilities will continue to be run safely and efficiently. Additionally, UIF will retain the current group of experienced and well qualified managers within HUI and will continue to work with the Luvian Partners (a firm that helps manage HUI), who are under contract through December 31, 2022.

THE LEGAL STANDARD FOR APPROVAL

13. Although the management and daily operations of Frontier will not change, the Transaction will result in a change of control of Frontier requiring Commission approval pursuant to N.C. Gen. Stat. § 62-111(a).

14. N.C. Gen. Stat. § 62-111(a) provides that “no franchise now existing . . . shall be sold, assigned, pledged or transferred, nor shall control thereof be changed through stock transfer or otherwise, . . . nor shall any merger or combination affecting any public utility be made through acquisition or control by stock purchase or otherwise, except after application to and written approval by the Commission, which approval shall be given if justified by the public convenience and necessity.”

15. In applying this statutory merger approval standard, the Commission has concluded that a proposed business combination is justified by the public convenience and necessity where: (i) the transaction will have no adverse impact on North Carolina retail ratepayers; (ii) the utility's customers are protected as much as possible from

potential costs and risks resulting from the transaction; and (iii) there are sufficient benefits from the proposed transaction to offset the potential costs and risks.³

16. The Commission has further explained that in making these assessments, it is appropriate to examine matters such as whether service quality will be maintained or improved, the extent to which costs can be lowered and rates maintained or reduced, and whether effective regulation of the merging utility will be maintained.⁴

**THE TRANSACTION IS JUSTIFIED BY THE
PUBLIC CONVENIENCE AND NECESSITY**

17. The Transaction is justified by the public convenience and necessity for the reasons explained below and those set forth in the pre-filed Direct Testimony of Kevin Degenstein, Chief Operating Officer and Chief Compliance Officer for HUI; the Direct Testimony of Fred Steele, President/General Manager of Frontier; and Sonia Axter, a Vice President of UIF GP, LLC and a Vice President of UIHH.

18. Frontier will continue to provide natural gas service as a regulated utility pursuant to its Certificates of Public Convenience and Necessity and will remain under the jurisdiction of the Commission. The Transaction will not affect the Commission's regulatory jurisdiction over Frontier, and Frontier will continue to comply with all applicable regulations, rules, orders, and regulatory conditions issued by the Commission. After the closing of the Transaction, Frontier will continue to provide service to the public under its approved rates, terms and conditions of service and no changes to such

³ See e.g., *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* (Duke/Piedmont Order), Docket Nos. E-2, Sub 1095, E-7, Sub 1100, and G-9, Sub 682, at p. 68 (Sept. 29, 2016).

⁴ *Id.*

rates, terms and conditions of service are proposed in conjunction with this application or the underlying Transaction.

19. Importantly, the Transaction will not result in increased rates to customers as a result of the change in ownership. There is no proposal to change Frontier's rates, terms or conditions of service, management or operational structure as a result of the Transaction; Frontier will maintain its existing high-quality service, tariffs, rates, and terms following the Transaction.

20. None of the acquisition premium paid for GBH will be recovered from Frontier's customers. In addition, UIF has no present intention to modify the existing regulatory accounting and cost allocation methods approved and in place for Frontier; and any such changes would, of course, be subject to the Commission's supervision.

21. Additionally, the Transaction will not change the terms of the Intercompany Agreements Frontier has executed with HUI, which were approved in Docket G-40, Sub 133, and that are in place for Frontier. While UIF is planning to add incremental acquisition debt to HUI as part of the Transaction, this supplemental financing will not result in any increase in the debt of Frontier or HUI's other operating regulated or unregulated subsidiaries. All Regulatory Conditions that were part of the Commission's Order approving Intercompany Agreements will remain in place and stay in full force and effect.

22. Frontier provides adequate service to its customers in North Carolina and the Transaction will not create any risks to the services provided to those customers. No changes to Frontier's services, operations, or regulatory policies are contemplated in connection with the Transaction. Customers will continue to be able to interact with

Frontier at its existing office in North Carolina. No utility company operations, plant, equipment, franchises, permits, or other assets of Frontier will change or be transferred in connection with the Transaction. Nor are any changes of employment status of utility employees contemplated.

23. Frontier, under its new ultimate parent company, will continue to be committed to providing safe, affordable, and reliable natural gas service in North Carolina. Ultimate ownership and oversight by UIF, with its management focus, experience, and financial resources will better position Frontier to meet future customer demands and to implement plans for system expansion in Frontier's certificated counties.

24. UIF understands, acknowledges, and accepts the regulatory responsibilities of natural gas utilities required by the North Carolina General Statutes and the rules and regulations of the Commission. UIF will ensure that Frontier will continue to comply with all Commission orders, procedures, rules and standards, and Regulatory Conditions previously imposed by the Commission. Specifically, the Transaction will have no effect on the provisions of the settlement agreement reached with the Public Staff in Docket No. G-40, Sub 124, or the Regulatory Conditions agreed to in Docket No. G-40, Sub 136, all of which will remain fully applicable to Frontier's North Carolina operations.

25. The Transaction will also preserve the existing utility expertise and management resources at HUI. Following the Transaction, Luvian Partners, who are under contract through December 31, 2022, will continue to help with management of HUI, providing resources and expertise as needed to allow the utilities to ensure their

operations are streamlined and that customers continue to be offered safe, adequate, and reliable natural gas service.

26. UIF and its related entities represent an innovative and diversified holder of energy assets with a demonstrated commitment to infrastructure investment. Frontier and other HUI subsidiaries will benefit from UIF's knowledge of and experience working with regulated entities. UIF has the financial resources, experience, and expertise to support and enhance Frontier's growth and operations in ways that will provide tangible benefits to Frontier and Frontier's customers. Importantly, UIF will retain Frontier's management and employees that have experience in ensuring compliance with all applicable rules, regulations, and Commission orders.

27. UIF has experience in owning and financing a variety of energy-related assets. Those energy-related investments have over 7 GW of gross power production capacity and own approximately 6,000 miles of pipeline. As such, it is familiar with and experienced in the ownership and the operational importance of good management of energy companies.

28. UIF and its personnel are experienced and capable in the business of transporting and selling natural gas. In addition, UIF believes in maintaining a strong local community presence, maintaining constructive industry relationships, and being a long-term committed partner in the communities in which it operates.

29. UIF has raised over \$3.2 billion in infrastructure capital and is well financed with stable long-term funding and solid access to debt financing, capital markets, and geographic diversity. UIF will be able to enhance the financial security of both HUI and Frontier by providing continued access to capital for the expansion and

maintenance of Frontier's system. It will also continue to provide a long-term, strategic focus for the operations of its subsidiaries without being subject to the fluctuations in publicly-traded equity markets or shareholder expectations based upon quarterly earnings reports.

30. As a consequence of these factors (and others discussed in the Direct Testimony supporting this application), the Transaction is justified by the public convenience and necessity because the Transaction will: (1) align the interests of investors and ratepayers; (2) provide financial stability and continued access to capital to Frontier to enable Frontier to continue to expand the availability of natural gas service into unserved areas; (3) sustain the experienced and stable management of Frontier; (4) reduce fixed costs per ratepayer as Frontier's customers and volumes grow; and (5) provide other tangible and intangible long-term benefits to Frontier and its ratepayers. Furthermore, the Transaction will be seamless to Frontier's customers and will not adversely affect Frontier's customers in any way, as they will continue to receive the same high quality service to which they are accustomed, but with greater managerial focus, flexibility, and attention to changing market needs and opportunities. In addition, the Transaction will in no way affect Frontier's rates.

31. A more detailed analysis of the costs and benefits of the transaction described above is set forth in the Cost-Benefit Analysis attached hereto as Exhibit D and discussed in the Direct Testimony of witness Sonia Axter.

REQUEST FOR WAIVER

32. Given the relative size of Frontier's North Carolina operations and the lack of any other UIF-owned operations served by or in proximity to Frontier's service

territory, there is no possibility that the Transaction will enhance or increase either Frontier's or UIF's market power in any relevant retail or wholesale market. With respect to the retail operations of Frontier, activities in that market are subject to direct supervision by this Commission and no change in either the rates, terms or conditions of service or Frontier's power in that market will occur as a result of the Transaction. With respect to the wholesale markets in which Frontier participates, those markets are largely regulated by the Federal Energy Regulatory Commission and no change will occur in Frontier's market power in those markets as a result of the Transaction. Furthermore, UIF's ownership interest in the Southern Star Central Gas Pipeline, Inc. does not create any market power in the mid-Atlantic interstate gas market in which Frontier is situated. Therefore, Frontier respectfully requests a waiver of the requirement to file a market power analysis, as would otherwise be required to be filed by Commission Order in Docket No. M-100, Sub 129.

REGULATORY FILINGS AND APPROVALS

In addition to the approval sought in this Application, the Transaction is also subject to regulatory filings and approvals by the Maine Public Utilities Commission, the Montana Public Service Commission, and the Public Utilities Commission of Ohio.

EXHIBITS

33. The following exhibits are being filed with this Application:

Exhibit A – Frontier Financial Statements as of September 30, 2020

Exhibit B – Stock Purchase and Sales Agreement (Confidential)

Exhibit C – Post-Transaction Corporate Organization

Exhibit D – Cost-Benefit Analysis

WHEREFORE, the Applicants respectfully request that the Commission:

1. Approve the Transaction as explained in this Application and supporting testimony;
2. Grant the waiver of the requirement that Frontier file a market power analysis in this docket, as would otherwise be required by Commission Order in Docket No. M-100, Sub 129; and
3. Grant such other approvals and/or issue such terms of an Order in this docket as may be necessary to effectuate the relief requested in this Application.

Respectfully submitted this 27th day of January, 2021.

Frontier Natural Gas Company

/s/ James H. Jeffries IV
James H. Jeffries IV
McGuireWoods LLP
201 North Tryon Street, Suite 3000
Charlotte, NC 28202
Telephone: 704-343-2348
Email: jjeffries@mcguirewoods.com

**Ullico Infrastructure Hearthstone
Holdco, LLC**

/s/ Marcus W. Trathen
Marcus W. Trathen
Craig Schauer
Brooks, Pierce, McLendon,
Humphrey & Leonard, LLP
Suite 1700, Wells Fargo Capitol Center
150 Fayetteville Street
P.O. Box 1800 (zip 27602)
Raleigh, NC 27601
Telephone: (919) 839-0300
Email: mtrathen@brookspierce.com
Email: cschauer@brookspierce.com

CERTIFICATE OF SERVICE

I hereby certify that a copy of Frontier Natural Gas Company and Ullico Infrastructure Hearthstone Holdco, LLC's Application for Approval of Sale and Transfer of Stock has been served by electronic mail, hand delivery, or by depositing a copy in the United States mail, postage prepaid to the following:

Dianna Downey
Chief Counsel – Public Staff
North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, NC 27699-4300
dianna.downey@psncuc.nc.gov

This the 27th day of January, 2021.

By: /s/ Craig D. Schauer
Craig Schauer
BROOKS, PIERCE, MCLENDON,
HUMPHREY & LEONARD, LLP
Suite 1700, Wells Fargo Capitol Center
150 Fayetteville Street
P.O. Box 1800 (zip 27602)
Raleigh, NC 27601
Telephone: (919) 839-0300
Email: cschauer@brookspierce.com

VERIFICATION

State of TENNESSEE)
)
County of DAVIDSON)


Sonia M. Axter, being first duly sworn, deposes and says:

That she is Vice President of UIF GP, LLC and Ullico Hearthstone Holdco, LLC;
that she has the authority to verify the foregoing Joint Application; that she has read this
Joint Application, and knows the contents thereof; and that the same is true of her own
knowledge.

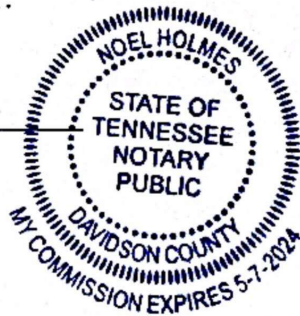


Sonia M. Axter

Sworn to and subscribed before me
This 26 day of January, 2021.



Notary Public



STATE OF NORTH CAROLINA

VERIFICATION

COUNTY OF MECKLENBURG

Fred A. Steele, being duly sworn, deposes and says that he is President and General Manager of Frontier Natural Gas Company, that as such, he has read the foregoing and knows the contents thereof; and he believes that the facts set forth therein are true and correct.

Fred A Steele

Fred A. Steele

Surry County, North Carolina

Signed and sworn to before me this day by Fred A. Steele.

Date: 1-27-2021

Teddy M Gambill, Jr
Notary Public

(Official Seal)

My Commission Expires: 5-8-2021

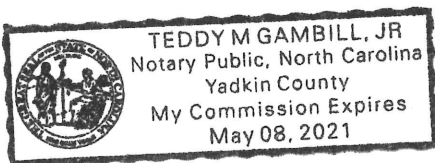


EXHIBIT A

FRONTIER FINANCIAL STATEMENTS

DOCKET NO. G-40, SUB 160

Frontier Natural Gas Company
Statement of Cash Flows
As of September 30, 2020

	Nine Months Ended 9/30/2020
CASH FLOWS FROM OPERATIONS:	
Net Income (Loss)	\$ 1,773,064
Adjustments to Reconcile Net Income to Net Cash Used In Operations:	
Depreciation & Amortization	1,141,689
Changes in Assets and Liabilities:	
Accounts Receivable	811,107
Inventory	(72,724)
Other Current Assets	(37,053)
Held for Sale Assets	170,100
Costs in Excess of Billings	320,757
Accounts Payable - Affiliates	(111,163)
Accounts Payable	(540,310)
Other Current Liabilities	281,744
Deferred Debt Costs	25,068
Deferred Taxes Liability-Current	-
Other LT Liability-Non Current	-
Deferred Tax Liability Non-Current	529,019
Net Cash (Used In) Provided by Operations	4,291,298
CASH FLOWS FROM INVESTING:	
Property Plant & Equipment	(1,616,454)
Fixed Asset Disposal & CIAC	(425,394)
Net Cash (Used in) Provided by Investing	(2,041,848)
Addition to Paid in Capital	-
Dividend Payable to HUI	(1,350,000)
CASH FLOWS FROM FINANCING:	
Notes Payable Payments	(750,000)
Net Cash (Used in) Provided by Financing	(1,350,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	149,451
CASH AND CASH EQUIVALENTS-BEGINNING OF PERIOD	50,424
CASH AND CASH EQUIVALENTS-END OF PERIOD	\$ 199,875

Frontier Natural Gas Company
Balance Sheet
As of September 30, 2020

	<u>9/30/2020</u>	<u>12/31/2019</u>
ASSETS		
Cash & Cash Equivalents	\$199,875	\$50,424
Accounts Receivable - Trade	1,302,620	1,520,247
Allowance for Doubtful Accounts	(160,000)	(82,065)
Accrued Gas Receivables	537,496	1,107,042
Note Receivable	54,000	
Net Accounts Receivable	1,734,116	2,545,223
Deferred Debt Costs	110,193	135,261
Held for Sale Assets		170,100
Deferred Taxes Asset	674,482	674,482
Total Other Assets	784,675	979,843
Gas Stored	45,460	45,460
Inventory	684,358	611,634
Total Inventory	729,818	657,094
Prepaid Expenses	221,629	184,576
Costs in Excess of Billings	49,010	369,767
Total Other Current Assets	270,639	554,343
Total Current Assets	3,719,123	4,786,928
Property, Plant & Equipment-Historical Cost Gross	165,046,186	164,187,008
Contributions in Aid of Construction	(4,671,738)	(3,941,676)
Construction Work In Progress	2,263,607	643,480
Impairment Reserve	(76,771,226)	(76,771,226)
EWST Purchase Price Adjustment	(31,199,181)	(31,199,181)
Land Impairment	(0)	(296,278)
Accumulated Depreciation/Amortization-Historical Cost	(66,030,761)	(62,805,070)
Accumulated Amortization-Impairment/Purchase Adj.	46,767,466	44,687,137
Net Property, Plant & Equipment	35,404,353	34,504,194
Total Assets	\$39,123,476	\$39,291,122

Frontier Natural Gas Company
Balance Sheet
As of September 30, 2020

	<u>9/30/2020</u>	<u>12/31/2019</u>
LIABILITIES & EQUITY		
Accounts Payable - Affiliates	185,729	296,892
Due to Affiliates - Current	185,729	296,892
Accounts Payable - Trade	1,036,341	1,576,652
Total Accounts Payable	1,036,341	1,576,652
Customer Deposits	97,337	112,592
LOC		750,000
Other Accrued Taxes and Fees	155,197	54,160
Misc Other Current Liabilities	288,072	92,110
Total Other Current Liabilities	540,607	1,008,862
Total Current Liabilities	1,762,677	2,882,406
Long Term Debt	8,700,000	8,700,000
Total Long Term Debt	8,700,000	8,700,000
Other LT Liability-Non Current	1,034,119	1,034,119
Deferred Taxes Liability-Noncurrent	3,142,011	2,612,992
Total Other Noncurrent Liabilities	4,176,129	3,647,111
Total Long-Term Liabilities	12,876,129	12,347,111
Total Liabilities	14,638,807	15,229,517
Paid In Capital	10,172,134	10,172,134
Total Paid in Capital	10,172,134	10,172,134
Net Income	1,773,064	3,085,387
Dividends Payable	(14,030,860)	(12,680,860)
Retained Earnings - BOP	26,570,331	23,484,944
Retained Earnings - EOP	14,312,535	13,889,471
Total Equity	24,484,669	24,061,605
Total Liabilities and Equity	\$39,123,476	\$39,291,122

Frontier Natural Gas Company
Income Statement -
As of September 30, 2020

	<i>September</i> <i>Actual</i>	<i>YTD</i> <i>September</i> <i>Actual</i>
OPERATING REVENUE:		
Gas Revenue - Transportation Only	\$ 389,384	3,704,056
Gas Revenue - Full Service	573,930	6,766,351
	-----	-----
TOTAL OPERATING REVENUE	963,314	10,470,407
COST OF GOODS SOLD	256,049	3,401,108
GROSS MARGIN - TRANSPORTATION	389,384	3,704,056
GROSS MARGIN - FULL SERVICE	317,881	3,365,243
	-----	-----
GROSS MARGIN	707,265	7,069,299
	73.4%	67.5%
OPERATING EXPENSES:		
Labor	115,242	1,016,297
Employee Benefits	24,413	338,304
Employee Reimbursable Expenses	856	6,997
Purchased Materials	17,683	164,221
Purchased Services	48,913	404,994
Finance Charges	1,274	12,194
Rent	2,500	26,908
Overhead-Corporate	70,630	682,500
Fleet	5,737	37,199
Uncollectible Expense	50,890	87,030
Outside Services & Other A&G	8,169	197,958
	-----	-----
Total Operating Expenses	346,307	2,974,602
Depreciation-Utility	374,907	3,353,727
Amortization-Utility	(245,782)	(2,212,038)
	-----	-----
Depreciation & Amortization	129,125	1,141,689
Property Taxes	19,000	171,000
Other Taxes	13,011	145,331
	-----	-----
Other Taxes	32,011	316,331
	-----	-----
NON-OPERATING REVENUE		
Miscellaneous Non-Operating Income	(0)	(1,597)
	-----	-----
Total Non-Operating Revenue	(0)	(1,597)
	-----	-----
EARNINGS BEFORE INTEREST & INCOME TAXES	199,822	2,638,275

Interest Expense	39,043	336,192
Interest Charges	39,043	336,192
EARNINGS BEFORE INCOME TAXES	160,779	2,302,082
Federal Income Taxes & Deferred Fed IT	33,764	483,437
Total Federal Taxes	33,764	483,437
State Income Taxes	3,183	45,581
Total State Taxes	3,183	45,581
Total Operating Taxes	36,947	529,019
NET INCOME / (LOSS)	\$ 123,832	\$ 1,773,064
EBITDA	328,947	3,779,964

EXHIBIT B

STOCK PURCHASE AND SALES AGREEMENT

DOCKET NO. G-40, SUB 160

**[INTENTIONALLY OMITTED –
FILED UNDER CONFIDENTIAL SEAL]**

EXHIBIT C

POST-TRANSACTION CORPORATE ORGANIZATION

DOCKET NO. G-40, SUB 160

UIF PORTFOLIO INVESTMENT – HEARTHSTONE – PROPOSED ENTITY DIAGRAM

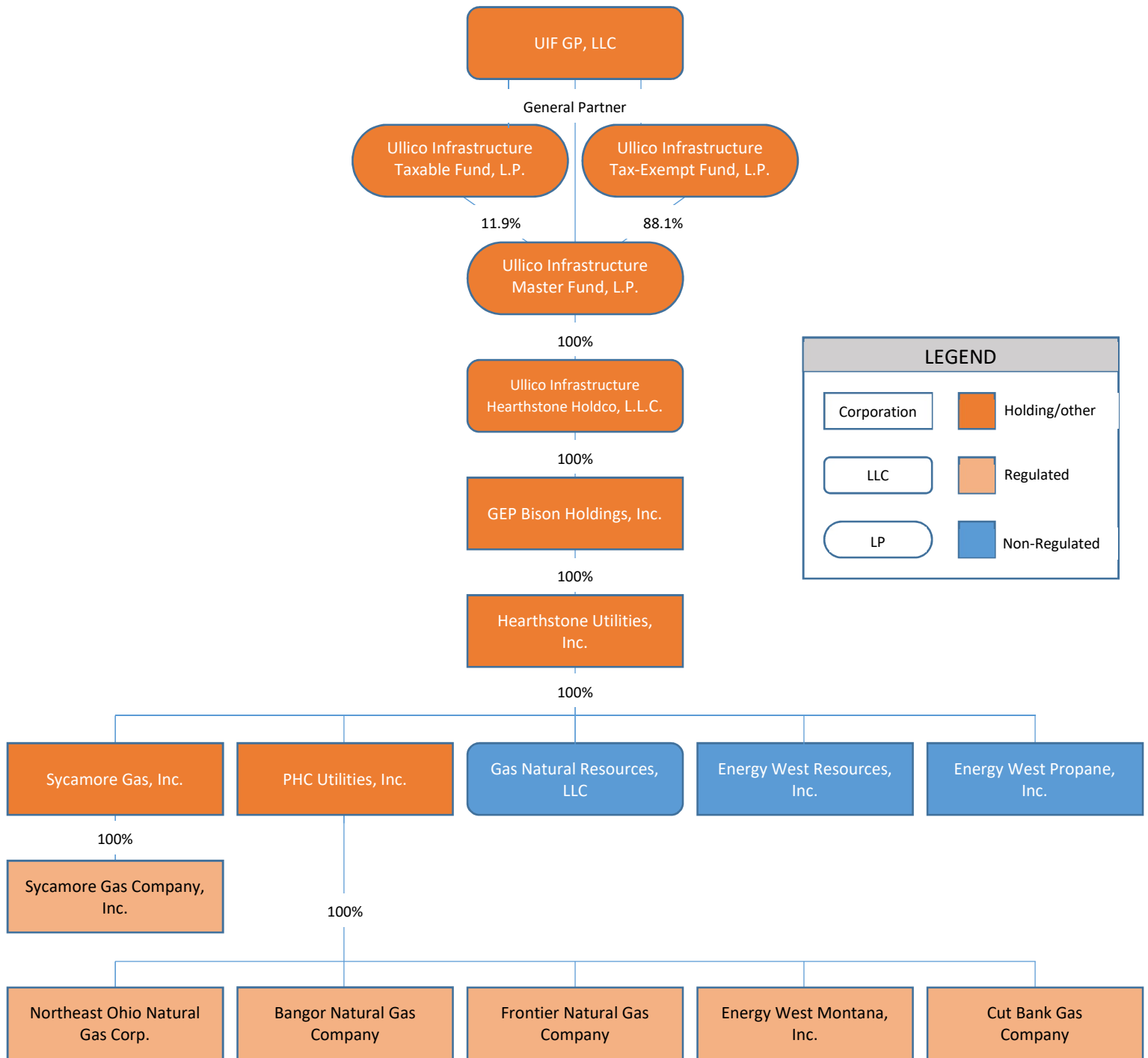


EXHIBIT D

COST-BENEFIT ANALYSIS

DOCKET NO. G-40, SUB 160

**Ullico Infrastructure Hearthstone Holdco, LLC Acquisition of
GEP Bison Holdings Inc., Including Frontier Natural Gas Company
*Cost Benefit Analysis***

The following cost-benefit analysis was developed in relation to the pending acquisition of **GEP Bison Holdings Inc.** (“GBH”) by **Ullico Infrastructure Hearthstone Holdco, LLC** (“UIHH”). This analysis documents the expected benefits, detriments, costs and savings associated with the purchase. The information and format of this analysis is based on the requirements set forth in the Commission’s November 2, 2000 order in Docket No. M-100, Sub 129.

ASSUMPTIONS

The following assumptions were used when developing the cost-benefit analysis:

- The analysis identifies future expected benefits, detriments, costs and savings associated with the acquisition and is subject to change as a result of changes in economic conditions, regulatory orders, management decisions and/or operating conditions that were not known at the time this analysis was developed.
- Estimates reflected herein were developed as of January 2021.
- The analysis captures projected incremental benefits and costs resulting from the acquisition and includes both qualitative and quantitative benefits.
- The analysis does not include federal and state income tax ramifications of the transaction.

COST-BENEFIT ANALYSIS FILING REQUIREMENT

The Commission’s November 2, 2020 order in Docket No. M-100, Sub 129 requires all applicants seeking authority to engage in mergers or other business combinations within the natural gas industry, as stated in Ordering Paragraph 2.(a), to provide “a comprehensive list of all material areas of expected benefits, detriment, cost, and savings over a specified period (e.g. three to five years) following consummation of the merger and a clear description of each individual item in each area.”

Because the acquisition of GBH by UIHH is a business combination within the natural gas industry that affects Frontier Natural Gas Company (“Frontier”), UIHH is providing the following information in response to this requirement.

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SUMMARY OF PRESENTLY QUANTIFIABLE COSTS AND BENEFITS

Below is a summary of the anticipated quantifiable costs and benefits applicable to GBH with respect to the proposed transaction which have been identified at this time. Costs and benefits identified at the corporate level are, generally, directly assigned to the utilities/companies that Hearthstone Utilities, Inc. (HUI), a subsidiary of GBH, oversees, or are allocated to the various subordinate entities based on the recently approved shared services agreements, or are anticipated to yield additional economic benefits to customers which have not yet been quantified. Customers will not bear any acquisition premium or transaction costs associated with this acquisition which shall be paid exclusively by UIHH.

Benefits

- The benefits of the acquisition cannot be quantified at this time.

Costs

- One-time transition costs estimated to be up to \$9 million, which shall be paid exclusively by UIHH, not by ratepayers.

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COMPREHENSIVE IDENTIFICATION OF ALL ANTICIPATED ACQUISITION COSTS AND BENEFITS

ITEM	DESCRIPTION	QUANTIFICATION OF BENEFIT / COST
BENEFITS FROM THE ACQUISITION:		
Alignment of Interests between Investors and Ratepayers	UIHH's 100% owner, the Ullico Infrastructure Master Fund, LP ("UIF"), is an open-ended investment vehicle that does not have a finite holding period for its investments but rather seeks long-term investments in stable assets, such as public utility companies. UIF's emphasis on long-term ownership better aligns the interests of the utility stakeholders (including ratepayers) with its owners and brings stability and continuity of focus to the enterprise. UIF's open-ended fund structure also enables perpetual access to capital, which better aligns with the long-term capital needs of the utility.	This ongoing benefit is not readily quantifiable at this time but will accrue to Frontier customers for years to come.
Continued Access to Capital	The acquisition will give Frontier access to UIF's \$918 million of available capital as of January 2021 (in addition to future funds raised by UIF), which will sustain Frontier's ability to access, on reasonable terms, the capital needed to meet economically feasible customer growth opportunities and ongoing system requirements.	The amount of these ongoing benefits will depend upon numerous factors, including, but not limited to, conditions in the financial markets, and cannot reasonably be quantified at this time.
Financial Stability	In addition to providing Frontier with long-term and consistent access to capital, UIF, as an open-ended investment fund, is making an enduring investment in GBH that, in turn, will provide long-term financial stability for Frontier. Long-term investors are able to make decisions that better align with the long-term interests of the rate-payers and other key stakeholders, bringing financial stability to the enterprise.	This ongoing benefit is not readily quantifiable at this time but will accrue to Frontier customers for years to come.

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ITEM	DESCRIPTION	QUANTIFICATION OF BENEFIT / COST
BENEFITS FROM THE ACQUISITION (CONT.):		
Management Stability and Experience	<p>UIF will retain the experienced management teams at HUI and Frontier. To support its acquisition of GBH and its subsidiaries, UIF has engaged Morgan O'Brien, a seasoned utility executive with extensive experience leading and managing rate regulated electric and gas LDC operations in the United States. Mr. O'Brien will assist management and UIF in assuring that Frontier will continue to be run safely and efficiently and will make progress at the GBH level towards UIF's near-term initiative to establish a full-time executive management team (replacing the short-term management contract that exists currently). UIF also has a history of investing in energy and infrastructure, which will provide valuable corporate governance and experience to complement existing leadership.</p>	<p>This ongoing benefit is not readily quantifiable at this time but will accrue to Frontier customers for years to come.</p>
Improved Service, Safety, and Investments	<p>The combination of financial and management stability, supplemented with additional industry experience from UIF, will foster long-term planning, enhanced customer service, improved safety and reliability, and better coordination of investments to serve existing customers and unserved areas. UIF will offer capital to allow Frontier to pursue necessary system upgrades, address any infrastructure replacement and enhance customer service. UIF recognizes the many changes that are developing both nationally and regionally around environmental matters, technology evolution and the ever changing landscape of customer's needs and wants with their energy usage. UIF plans to prioritize these opportunities and drive positive change by engaging and supporting further innovation around how a utility operates and how a utility can harness these technologies to better and more cost effectively deliver energy to customers.</p>	<p>This ongoing benefit is not readily quantifiable at this time but will accrue to Frontier customers.</p>

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ITEM	DESCRIPTION	QUANTIFICATION OF BENEFIT / COST
BENEFITS FROM THE ACQUISITION (CONT.):		
A Reduction in Fixed Costs Per Ratepayer	Because UIF is interested in pursuing growth in customer and volumes served, Frontier's fixed costs should be spread over a larger customer base over time.	This ongoing benefit is not readily quantifiable at this time but will accrue to Frontier customers.
Retaining Local Offices and Management in Elkin, North Carolina	The proposed acquisition will continue to maintain Frontier's headquarters in Elkin, North Carolina. This is a direct benefit to the State and to the localities where Frontier's offices, equipment and employees are located. These benefits include the positive direct economic effect of rents, salaries, taxes, purchasing, and charitable contributions but also include indirect benefits such as continued civic engagement and the maintenance of Frontier's existing brand. This is a benefit to the Commission and to the Frontier's customers through enhanced responsiveness and sensitivity to local and state issues and priorities, including economic development and the expansion of gas infrastructure.	This ongoing benefit has not been quantified at this time but represents the real economic impact of the maintenance of Frontier's local office in Elkin and its participation in the community as an employer and supporter of community. Benefit includes economic impacts of local taxes, rents, and local payroll and multiplier of that payroll in the local economy.
Sustained Ability to Facilitate Infrastructure Expansion and Economic Development Efforts	In order to facilitate economic growth and the attraction of new businesses to North Carolina, utilities, business development entities and local governments must coordinate the availability of a full range of utility and infrastructure services. Under UIHH's ownership, Frontier would have access to capital and UIF's experience in infrastructure investments, which, combined with North Carolina economic incentives, should enhance Frontier's ability to extend infrastructure to unserved customers and under-developed areas.	This ongoing benefit is not presently quantifiable.

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ITEM	DESCRIPTION	QUANTIFICATION OF BENEFIT / COST
BENEFITS FROM THE ACQUISITION (CONT.):		
No Change in Rates, Charges or Terms and Conditions of Service	While UIF believes that the proposed acquisition will provide most or all of the benefits identified above, it is important to note that the acquisition will not result in any increase to rates or charges or changes in terms or conditions of service pursuant to which Frontier currently provides service to customers in North Carolina. In addition to the rate-case moratorium imposed by the Regulatory Conditions in Docket No. G-40, Sub 136, any future changes would be subject to the Commission's supervisory authority, which further ensures that the proposed acquisition will have no detrimental impact on customers in North Carolina.	This present benefit is essentially equal in value to the sum of the known premium and transaction costs set forth below, to the extent that UIF has agreed to absorb those costs and not attempt to pass them along to ratepayers. This ongoing benefit is not presently quantifiable.

ITEM	DESCRIPTION	QUANTIFICATION OF BENEFIT / COST
COSTS FROM THE ACQUISITION:		
Transaction Fees	There will be one-time costs associated with this transaction. Examples of these costs include investment banker fees and legal, accounting and advisory fees. Ratepayers will not bear these costs.	These one-time costs are currently estimated to be up to \$9 million and will be absorbed entirely by UIF, not by rate payers.
Acquisition Premium	Excess of purchase price (market value) over book value of assets.	This one-time cost will be absorbed entirely by UIF, not by ratepayers, representing a total enterprise acquisition premium spread across all of HUI's businesses and jurisdictions rather than a North Carolina only premium.