

# BIG DEALS

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### Fortis Acquires Terasen's Natural Gas Distribution Business

On May 17, 2007, Fortis Inc. completed the acquisition of all the outstanding shares of Terasen Inc. from a wholly owned subsidiary of Kinder Morgan, Inc. for a purchase price of \$3.7 billion, including the assumption of approximately \$2.3 billion of debt.

Fortis is the largest investor-owned distribution utility in Canada, serving almost two million gas and electric customers. The corporation has approximately \$10 billion in assets. Its regulated holdings include a natural gas utility in British Columbia and electric utilities in five Canadian provinces and three Caribbean countries.

Kinder Morgan is one of the largest energy transportation, storage and distribution companies in North America. It owns an interest in or operates approximately 43,000 miles of pipelines that transport primarily natural gas, crude oil, petroleum products and carbon dioxide and currently provides natural gas distribution service to more than 1.1 million customers. Combined, the companies have an enterprise value of more than \$35 billion.

Terasen, a holding company headquartered in Vancouver, owns and operates Terasen Gas, one of the largest natural gas distribution utilities in Canada. Terasen Gas serves approximately 95 per cent of gas users in British Columbia. It owns and operates 44,100 kilometres of natural gas distribution pipelines and 4,300 kilometres of natural gas transmission pipelines. As of December 31, 2006, Terasen Gas had approximately \$3.7 billion of assets and a regulated rate base of \$3 billion.

Fortis was represented in-house by Ron McCabe, general counsel and corporate secretary, and Peter Alteen, vice-president, regulatory affairs and general counsel of Newfoundland Power Inc. Davies Ward Phillips & Vineberg LLP acted as counsel for Fortis on the acquisition and financing, with a team comprised of Arthur Shiff, Mark Connelly and Christian Gauthier (corporate and securities); Carol

Pennycook and Jennifer Pankratz (finance and banking); Colin Campbell and Paul Lamarre (tax); John Bodrug and Anita Banicevic (competition) and Narasha vandenHoven (pension and benefits). Farris, Vaughan, Wills & Murphy LLP acted as British Columbia counsel to Fortis, with a team that included Dean O'Leary (corporate); Elizabeth Harrison (mergers and acquisitions); George Macintosh (regulatory) and David Selley (corporate). John Green, Q.C. of McInnes Cooper acted as Newfoundland and Labrador counsel to Fortis.

Kinder Morgan was represented by Joseph Listengart, vice-president, general counsel and secretary, Kristine Kennedy, senior legal counsel, and Adam Forman, assistant general counsel, who were assisted by a team from Blake, Cassels and Graydon LLP that included Mungo Hardwicke-Brown, Leigh Peters, Chastine Taerum, Kristen Lewicki, Lisa Clark, Blair McGeough, Chris Brett and Peter Kalbfleisch (corporate, mergers and acquisitions); Edward Rowe, Doug Richardson and Ted Thiessen (tax); Dan Fournier, Kevin Fougere and Catherine McKendry (finance and banking); Craig Thorburn (competition/anti-trusts); Brock Gibson and Chris Prokop (securities); Jessica Bullock, Caroline Helbronner and Scott Sweatman (pensions); and Paul Jeffrey and Paul Cassidy (regulatory).

### Canada Housing Trust Issues \$7.7B Public Offering

On March 20, 2007, Canada Housing Trust™ No. 1, a special purpose securitization trust, issued 4 per cent Canada Mortgage Bonds, Series 16 in an aggregate principal amount of \$7.7 billion, which were provided with Canada's sovereign guarantee through Canada Mortgage and Housing Corp. (CMHC).

CMHC was represented in-house by Reem Hindieh, Louise Michel, Marc-André Sirois and Joanne Lucas, who were assisted by Borden Ladner Gervais LLP, special counsel to the trust, with a team that included Rosalind Morrow, Adam Segal and Emma Miller (se-

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