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**Case Name:** [In Re Columbia Pipeline Group, Inc.](#)  
**Case Conclusion:** August 2019  
**Caption:** Delaware Court of Chancery, C.A. No. 12736-VCL  
**Keywords:** Appraisal Action  
**Industry:** Natural Gas Pipelines  
**Professionals:** [William Jeffers, CFA](#), [Joseph W. Thompson, CFA, ASA](#), [David J. Neuzil, CFA](#), and [Elise Scotes](#)

Columbia Pipeline Group was one of the largest natural gas pipeline operators in North America, with more than 15,000 miles of pipelines extending from New York to the Gulf of Mexico. The company's service territory included the Marcellus and Utica natural gas basins, which were among the fastest growing and lowest cost gas production basins in North America.

A number of pipeline companies expressed interest in acquiring Columbia following its July 2015 spinoff from NiSource. When Columbia's stock price declined as natural gas prices decreased in the Fall of 2015, the company terminated discussions with potential bidders. In late 2015, Columbia resumed discussions with TransCanada and granted it exclusivity during the due diligence period. In March 2016, Columbia agreed to be acquired by TransCanada for \$13 billion, and the transaction closed on July 1, 2016. Certain Columbia shareholders rejected the merger consideration and filed statutory appraisal claims to petition the Chancery Court for a determination of the fair value of their shares.

The Griffing Group was retained by petitioners' counsel. William Jeffers, CFA submitted an expert report regarding the fair value of Columbia's shares, and subsequently prepared a rebuttal report and provided deposition and trial testimony. Mr. Jeffers based his opinion of value on a detailed discounted cash flow analysis and concluded that the fair value of Columbia was \$32.47 per share, compared to the merger consideration of \$25.50 per share.

Mr. Jeffers argued that the discounted cash flow method provided the best evidence of Columbia's value because the company prepared its projections in the ordinary course of business, in good faith, with the best information available at the time, and consistent with management's historical practices. Although the projections were characterized by the respondent as optimistic, the assumptions were based on pipeline construction plans where the Columbia had already secured rights-of-way and long-term, fixed fee, take-or-pay contracts with its customers.

The Court's post-trial opinion found that the merger price was the best indicator of Columbia's fair value, consistent with the Delaware Supreme Court's rulings in *DFC Global* (Aug. 2017), *Dell* (Dec. 2017) and *Aruba* (April 2019). In these opinions, the Delaware Supreme Court posited that the market prices of large public companies were a more reliable indication of fair value than the



opinion of a “law-trained judge forced to make a point estimate of fair value based on widely divergent partisan expert testimony.”

The Court acknowledged that the process to sell Columbia was flawed but noted that the Delaware Supreme had not addressed the question of whether “a sale process was sufficiently bad that a trial court could decline to rely on the deal price.” The Court found that Columbia’s sales process was comparable to those analyzed in precedent decisions.

William Jeffers, CFA was assisted by Joseph W. Thompson, CFA, ASA, David Neuzil, CFA and Elise Scoles. Lead counsel for the petitioners were Mark Lebovitch, Jeroen van Kwawegen, Christopher J. Orrico, and Alla Zayenchik of Bernstein Litowitz Berger & Grossmann LLP. Co-counsel included Stephen Jenkins, Andrew Cordo, and Marie Degnan of Ashby & Geddes, P.A. and Marcus Montejo, Kevin Davenport, and John Day of Prickett, Jones & Elliott, P.A.