
Twenty First Century Utilities to make utility buy in 2017, exec says
by **Bayan Raji in Houston**
September 15, 2016

Twenty First Century (TFC) Utilities, a partner-owned electricity utility holding company, is in advanced conversations to acquire moderate-sized utilities with a deal likely to take shape in 2017, Managing Partner Peter L. Corsell said.

The Washington, DC-based company was founded in 2015 and has a target list of utilities that range from USD 1bn to USD 8bn in market cap, Corsell said. The company is strictly interested in regulated markets, Corsell said, because he believes regulated models provide the most reliable and affordable access to electricity.

The Southwest US, Pacific Northwest US and the Mid-Atlantic are all priority regions, he said. The company is not averse to acquiring utilities that currently utilize coal generation assets.

TFC Utilities has investors lined up to finance its first acquisition, Corsell said. They include sovereign wealth funds, large university endowments, insurance companies and ultra-high net worth family offices, he said, but declined to provide further details.

Advisors with additional acquisition targets in mind can contact Corsell. Akin Gump and Smith Mustille are the company's law firms. Goldman Sachs, Morgan Stanley, Evercore, UBS and JP Morgan are banks the company regularly does business with, he said.

TFC Utilities aims to own and invest in regulated utilities to adopt and scale technology like solar panels or so-called smart thermostats, while providing customers an individual rate base depending on what they purchase. Acquisition targets include investor-owned utilities in states with regulated electricity and a progressive outlook on solar and wind energy.

Corsell said the company is looking at underperforming, undermanaged utilities that would trade at 1.2x book value versus the 3x typical of well-performing companies such as Richmond, Virginia-based **Dominion**. Corsell added executives are "not hostile" and are looking to partner with management teams of the companies they buy.

While TFC Utilities isn't seeking investments at this time, the company has plans to make multiple acquisitions over the next several years and would need additional investors to help finance transactions. "Our minimum check size is well into eight figures and we're trying to focus on nine figures," Corsell said.

A low-teen to mid-teen return on annual investment after tax is achievable, he said.

Although the company is primarily focused on the US market, Corsell said TFC would look at opportunities in Canada, the Caribbean and Mexico, adding the company previously looked at "a couple" deals in Mexico.

In November 2015, TFC Utilities acquired GridPoint, an energy management and control systems company, for USD 62.5m. While the company remains opportunistic toward future technology acquisitions, Corsell said the focus is on utilities.

Corsell founded GridPoint in 2003 and helped the company raise USD 300m in venture capital financing during his tenure. He stepped down in 2010.

President and CEO of TFC Utilities Larry Kellerman spent nearly a decade at Goldman Sachs before transitioning to head **Cogentrix Energy**. Goldman Sachs Group acquired Cogentrix in 2003, paying USD 115m and assuming USD 2.3bn in debt, *The Wall Street Journal* previously reported. Cogentrix was acquired by the **Carlyle Group** for an undisclosed amount in 2012, according to a previous release.