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RECEIVED

JAN 25 2016

PUBLIC SERVICE
COMMISSION

ROBERT M. WATT, III
DIRECT DIAL: (859) 231-3043
DIRECT FAX: (859) 246-3643
Robert.Watt@skofirm.com

January 25, 2016

HAND DELIVERED

Hon. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40601

Re: T. Rowe Price Associates, Inc.
Case No. 2015-00389

Dear Mr. Derouen:

We enclose for filing an original and ten copies of the Response of T. Rowe Price Associates, Inc. to the Commission Staff's First Request for Information in the above-captioned case. Please note that we have included a copy of a pdf verification rather than one with original signature. The one with original signature was sent to us by Federal Express from Baltimore on Friday, but we have not received it yet, most likely because of the east coast snow storm. We will supplement the filing when we receive it. Thanks in advance for your assistance. Best regards.

Sincerely,

Robert M. Watt, III

rmw:rmw
Enclosures

cc: Ryan P. Nolan (w/encl.)
Ellen York, Esq. (w/encl.)

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 25 2016

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF T. ROWE PRICE ASSOCIATES, INC.)
FOR A DELCARATORY ORDER REGARDING THE) CASE NO.
ACQUISITION OF COMMON STOCK) 2015-00389

RESPONSE OF T. ROWE PRICE ASSOCIATES, INC.
TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
T. ROWE PRICE ASSOCIATES, INC.
DATED JANUARY 14, 2016

FILED: JANUARY 25, 2016

VERIFICATION

STATE OF MARYLAND

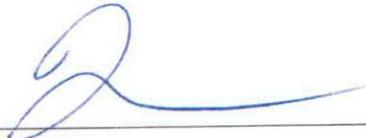
BALTIMORE CITY

The undersigned, **Ryan P. Nolan**, being duly sworn, deposes and says that he is Vice President for T. Rowe Price Associates, Inc. and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Ryan P. Nolan

Subscribed and sworn before me, a Notary this 22nd day of January 2016.

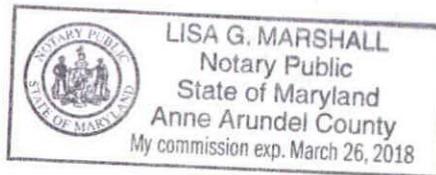


(SEAL)

Notary Public

My Commission Expires:

3/26/2018



T. ROWE PRICE ASSOCIATES, INC.

**Response to Commission Staff's First Request for Information to T. Rowe Price Associates,
Inc. Dated January 14, 2016**

Case No. 2015-00389

Question No. 1

Witness: Ryan P. Nolan

- Q-1. Refer to the application, numbered paragraph 10. Provide a copy of the Federal Energy Regulatory Commission's ("FERC") April 17, 2007 Order Authorizing Acquisition of Securities ("FERC April 17, 2007 Order") and the FERC order issued in 2010 extending the FERC April 17, 2007 Order.**
- A-1 Please see Appendix A for the FERC April 17, 2007 Order and Appendix B for the Order issued in 2010 extending the FERC April 17, 2007 Order.**

Appendix A

119 FERC ¶ 62,048

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

T. Rowe Price Group, Inc.
T. Rowe Price Associates, Inc.
T. Rowe Price International, Inc.
T. Rowe Price Global Investment Services Limited
T. Rowe Price Global Asset Management Limited
T. Rowe Price (Canada), Inc.
T. Rowe Price Trust Company
T. Rowe Price (Luxembourg) Management S.à.r.l.
T. Rowe Price Savings Bank

Docket No. EC07-40-000

ORDER AUTHORIZING ACQUISITION OF SECURITIES

(Issued April 17, 2007)

On December 20, 2006, as amended on January 22, 2007, and February 26, 2007, T. Rowe Price Group, Inc. (TRPG); T. Rowe Price Associates, Inc. (TRP Associates); T. Rowe Price International, Inc.; T. Rowe Price Global Investment Services Limited; T. Rowe Price Global Asset Management Limited (Global Asset Management); T. Rowe Price (Canada), Inc.; T. Rowe Price Trust Company; T. Rowe Price (Luxembourg) Management S.à.r.l.; and T. Rowe Price Savings Bank (collectively, Primary Applicants), and each of the mutual funds, common trust funds, and offshore funds sponsored by TRPG's subsidiaries or affiliates (collectively, TRP Entities)¹ (collectively with Primary Applicants, Applicants) filed an application pursuant to section 203 of the Federal Power Act (FPA)² requesting blanket authorization for the acquisition of securities by their funds.

¹ The TRP Entities are individually identified in Attachment 1 to this order. Attachment 1 lists 108 T. Rowe Price Mutual Funds, 13 Variable Annuity Portfolios, 36 T. Rowe Price Common Trust Funds, and 21 T. Rowe Price Offshore Funds. TRP Entities are also applicants.

² 16 U.S.C. § 824b (2000), as amended by Energy Policy Act of 2005, Pub. L. No. 109-58, § 1289, 119 Stat. 594 (2005).

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According to the Application, each Primary Applicant (other than TRPG) has been delegated the authority to vote such securities held by or on behalf of, one or more of the TRP Entities and other clients. Therefore, future acquisitions of such securities could potentially be attributed to both the acquirer and one or more of the other Applicants and one or more of them could be required to seek Commission authorization under FPA section 203 for each future purchase of such voting securities. Applicants therefore assert that this could severely limit the opportunity for Applicants to react to market opportunities for deploying investment capital in the energy industry.³

Applicants claim an interest in making greater investments in the utility industry and through this Application seek a blanket authorization they believe will give them the flexibility needed to do so. Applicants note that the Commission acknowledged in the Capital Research and Management Company (CRMC) order⁴ that acquisitions and dispositions of utilities securities must be made quickly in order to respond to market conditions and requiring transaction-specific section 203 approval before investing would make such investments impractical. Without an advance blanket authorization, Applicants assert that their ability to deploy capital in attractive utility investments will be severely limited, because the financial attributes of a particular utility investment would likely change during the time necessary to apply for and obtain transaction-specific approvals. In addition, the public notice of a section 203 application for a proposed acquisition would likely increase the market price of securities, thereby making them less attractive investments. Finally, according to Applicants, if advance blanket authorizations such as those requested in this Application are not approved by the Commission, the overall liquidity of the utility securities market likely will suffer.⁵

Applicants do not own or operate any physical electric utility assets or energy-related businesses; and none are a "public utility" as defined under the FPA. Applicants do not have energy-related subsidiaries or affiliates. Primary Applicants (other than TRPG), provide investment management services to various clients, including the TRP Entities and certain other mutual funds, common trust funds, and/or offshore funds through their investment management subsidiaries and affiliates.

In the ordinary course of business, the Primary Applicants (other than TRPG)

³ Application at 2.

⁴ *Capital Research and Management Company, Order on Request for Blanket Authorizations to Acquire Securities*, 116 FERC ¶ 61,267 (2006).

⁵ Application at 12-13.

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each⁶ purchase the voting securities of publicly traded utilities and utility holding companies on behalf of one or more of the TRP Entities and other clients. Primary Applicants (other than TRPG) do not seek authorization to acquire and hold securities of public utilities for their own account or on a proprietary basis. Primary Applicants (other than TRPG) have been delegated the authority to vote such securities held by, or on behalf of, one or more of the TRP Entities and other clients.

TRPG is a global investment management firm and is the corporate parent of the Primary Applicants.⁷ TRPG is a holding company with no physical assets and no independent operations of its own. TRPG has officers and directors, but no independent employees; all TRPG employees are employees of operating subsidiaries.

TRP Associates is a Maryland corporation that is registered with the Securities and Exchange Commission (SEC) as an investment adviser under the Investment Advisers Act of 1940 (Advisers Act). TRP Associates is a wholly owned subsidiary of TRPG and serves as an investment adviser to individual and institutional investors.

T. Rowe Price International, Inc. is a Maryland corporation that is registered with the SEC as an investment adviser under the Advisers Act. It is also registered in the United Kingdom, Singapore, and Hong Kong. T. Rowe Price International, Inc. is a wholly owned subsidiary of TRP Finance, Inc. and provides investment advisory services with respect to foreign securities for institutional investors.

T. Rowe Price Global Investment Services Limited (Global Investment Services) is a United Kingdom corporation and a wholly-owned subsidiary of TRPG. Global Investment Services is an investment manager whose primary responsibility is to provide marketing and client servicing for non-United States clients. Global Investment Services

⁶ Application at 2.

⁷ TRPG holds a non-controlling 10 percent interest in Daiwa SB Investments Ltd., a corporation organized and existing under the laws of Japan ("Daiwa SB"). Daiwa SB is a joint venture between Daiwa Securities Group, Inc., Sumitomo Mitsui Financial Group, Inc., and TRPG with respect to asset management services in Japan. Daiwa SB is not included as an Applicant herein because TRPG does not control Daiwa SB. Global Asset Management is both an Applicant and a sub-adviser to the Japanese funds managed by Daiwa SB. The utility securities owned, controlled, or held by Global Asset Management on behalf of the Japanese funds it manages will be included in calculating the 20 percent aggregate limit contemplated herein. Any other utility securities owned, controlled, or held by Daiwa SB, other than those owned, controlled, or held by Global Asset Management on behalf of Daiwa SB (if any), will not be included in calculating the 20 percent aggregate limit.

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delegates investment management responsibilities to TRP Associates or T. Rowe Price International, Inc. Global Investment Services is also registered with the Financial Services Agency, the Kanto Local Finance Bureau (KLFB) and the Financial Service Agency in Japan. Global Investment Services also acts as a sponsor, investment manager and primary distributor of the T. Rowe Price Funds SICAV.

Global Asset Management is a United Kingdom corporation and a wholly-owned subsidiary of TRPG. Global Asset Management is registered as an investment adviser under the Advisers Act. It also provides investment management services to investors in Japan and the United Kingdom.

T. Rowe Price (Canada), Inc. is a Maryland corporation and a wholly-owned subsidiary of TRP Associates. T. Rowe Price (Canada) is registered as an investment adviser under the Advisers Act. It provides advisory services to individual and institutional clients in Canada.

T. Rowe Price Trust Company is a Maryland-chartered limited-service trust company and a wholly-owned subsidiary of TRP Associates. T. Rowe Price Trust Company serves as trustee and/or custodian for the T. Rowe Price Common Trust Funds as well as for certain other qualified and non-qualified employee benefit plans and individual retirement accounts.

T. Rowe Price (Luxembourg) Management S.à.r.l. is a private limited liability company organized under the laws of Luxembourg. The purpose of T. Rowe Price (Luxembourg) Management S.à.r.l. is the creation, administration and management of collective investment funds and the issuance of certificates or statements of confirmation evidencing undivided co-proprietorship interests in such funds.

T. Rowe Price Savings Bank is a federally chartered savings bank and a wholly-owned subsidiary of TRP Associates. T. Rowe Price Savings Bank provides federally insured bank products to a national customer base.

The TRP Entities consist of T. Rowe Price Mutual Funds (TRP Funds), T. Rowe Price Common Trust Funds (Trust Funds), and T. Rowe Price Offshore Funds (TRP SICAV). Each of the TRP Funds is a separate legal entity organized under the laws of Massachusetts or Maryland and registered with the SEC under the Investment Company Act of 1940 (1940 Act). T. Rowe Price International, Inc. is the investment manager for the TRP Funds that invest primarily in non-United States securities. TRP Associates is the investment manager for all the other TRP Funds. Each TRP Fund has delegated responsibility for managing and directing investments. The Trust Funds are organized as collective trust funds under Maryland law. The Trust funds are pooled investment vehicles that are managed like mutual funds, but are not subject to regulation as investment companies under the 1940 Act. Trust investments are made mostly in common stock and are recommended by TRP Associates. The TRP SICAV is an

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undertaking for collective investment in transferable securities and is organized under the laws of Luxembourg. The TRP SICAV is structured as an umbrella fund and is comprised of a number of sub-funds.⁸

Under the proposed transactions, Applicants seek blanket authorizations under sections 203(a)(1) and 203(a)(2) of the FPA for (1) each of the Primary Applicants to acquire, on behalf of one or more of the TRP Entities and other clients (or, in the case of TRPG, for its own account), the voting securities of any "public utility," "electric utility company," "transmitting utility," or "holding company in a holding company system that includes an electric utility company or transmitting utility" as those terms are used in section 203 of the FPA (Utility); and (2) any Utility, or holders of Utility voting securities, to sell such securities to the Applicants, subject to the following conditions and limitations:

1. None of the TRP Entities, individually, will own, control, or hold 10 percent or more of the voting securities of any Utility. If TRPG invests in the voting securities of any individual Utility for its own account, it will not own, control, or hold more than one percent of the voting securities of such Utility.
2. The Applicants collectively will not own, control, or hold more than 20 percent of the voting securities of any one Utility.
3. Each Applicant will continue to maintain governing policies, and comply with applicable statutory requirements, that have the effect of prohibiting the Applicant from exercising any control over entities whose securities it owns or holds.
4. A Primary Applicant (other than TRPG) will only acquire the securities of publicly-traded Utilities on behalf of one or more of the TRP Entities and other clients for which it exercises investment discretion.⁹

⁸ The sub-funds include: US Large-Cap Growth Equity Fund; US Large Cap Value Equity Fund; US Smaller Companies Equity Fund; US Blue Chip Equity Fund; US Dollar Investment Grade Corporate Bond Fund; US Aggregate Bond Fund; US Structured Research Equity Fund; European Structured Research Equity Fund; EURO Corporate Bond Fund; Global Aggregate Bond Fund; Japanese Equity Fund; Asian ex-Japan Equity Fund; Global Equity Fund; Global Emerging Markets Equity Fund; Global Emerging Markets Bond Fund; Global High Yield Bond Fund; US Mid-Cap Equity Fund; and Global Natural Resources Equity Fund.

⁹ The Primary Applicants (other than TRPG) provide investment management services to clients outside the TRPG corporate structure. All securities transactions in

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5. Each Applicant will maintain its status as a beneficial owner eligible to file Schedule 13G under SEC rules under the Securities Exchange Act of 1934, as amended (1934 Act), regarding the acquisition and holding of more than five percent of any class of equity securities of a Utility, and will file a copy of Schedule 13G with the Commission when it files the Schedule 13G with the SEC.¹⁰

The Primary Applicants (other than TRPG) also request authority to acquire Utility securities on behalf of T. Rowe Price mutual funds, common trust funds, offshore funds, and investment companies that are created in the future (Additional Applicants). Such Additional Applicants would be T. Rowe Price mutual funds and will be subject to the same conditions placed on the known Applicants.

Applicants state that the proposed transactions are consistent with the public interest and will not adversely affect competition, rates, or regulation and will not result in cross-subsidization. With respect to competition, Applicants state that the transactions will not adversely affect competition because, under the internal and external controls discussed below, Applicants will not be able to exert any control over public utilities of which they acquire voting securities. Applicants cite the Commission's decision in CRMC and argue that the following internal and external controls protect against exercising control: (1) T. Rowe Price General Investment Policy, (2) shareholder enforcement, (3) the SEC's Schedule 13G filing and (4) outside regulatory body enforcement.

Applicants state that the transactions will have no adverse effect on rates. In support of this claim, Applicants state that they will not acquire control over any Utility, nor will they have any role in setting rates. In addition, because Applicants will only

which an Applicant owns, controls, or holds Utility securities on behalf of such clients will be included in calculating the Applicants' compliance with the 20 percent aggregate limit contemplated herein.

¹⁰ According to SEC rules, a Schedule 13G filer must "acquire[] such securities in the ordinary course of his business and not with the purpose nor with the effect of changing or influencing the control of the issuer, nor in connection with or as a participant in any transaction having such purpose or effect," and is required to file a notification with the SEC of any acquisition of beneficial ownership of five percent or more of a class of equity securities. 17 C.F.R. § 240.13d-1 (2006). Under the 1934 Act, a person acquiring more than five percent of any class of equity security with the intention or purpose of controlling or influencing the conduct of the target company's business is not eligible to file a Schedule 13G but must file a Schedule 13D.

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invest in publicly-traded public utilities, they claim there will be no effect on the cost structures of the issuer that might affect cost-based rates.

Applicants state that the transactions will have no effect on regulation. They claim that neither state nor federal regulation will be impaired by the proposed transactions because the jurisdictional status of the Utilities for which the Applicants acquire securities will remain unchanged by the transactions.

Applicants further state that the proposed transactions will not result in, at the time of the transactions or in the future, cross-subsidization or the pledge or encumbrance of utility assets for the benefit of an associate company. Applicants state that the proposed transactions will not result in any: (1) transfers of facilities between a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, and an associate company; (2) new issuances of securities by a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; (3) new pledges or encumbrances of assets of a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; or (4) any new affiliate contract between a non-utility associate company and a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, other than non-power goods and services agreements subject to review under sections 205 and 206 of the FPA.

This filing was noticed on December 27, 2006, January 25, 2007, and March 1, 2007, with comments, protests or interventions due on or before March 12, 2007. None were received. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

After consideration, it is concluded that the proposed transactions are consistent with the public interest and are authorized, subject to the following conditions:

- (1) The proposed transactions are authorized upon the terms and conditions and for the purposes set forth in the application as described in this Order;
- (2) No Applicant, individually, will own, control or hold 10 percent or more of the voting securities of any Utility. Collectively, Applicants will not own, control or hold more than 20 percent of the voting securities of any one Utility. If TRPG invests in the voting securities of any individual Utility for its own account, it will not own, control or hold more than one percent of the voting securities of such Utility;

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- (3) A Primary Applicant will only acquire the securities of publicly-traded Utilities, as set forth above, and each Applicant will maintain governing policies as set forth above;
- (4) The authorization, which includes authorization for Additional Applicants, expires three years from the date of this order, without prejudice to requests to extend the authorization;
- (5) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates, or determinations of cost, or any other matter whatsoever now pending or which may become before the Commission;
- (6) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted;
- (7) The Commission retains authority under sections 203(b) and 309 of the FPA to issue supplemental orders as appropriate;
- (8) Applicants shall file with the Commission, contemporaneous with filing at the SEC, the Schedule 13G and 13D filings made with the SEC that are relevant to the authorizations granted in this order. Any changes in the information provided on the initial Schedule 13G must be reflected in an annual amended filing due within 45 days of the end of each calendar year. Applicants shall file with the Commission any comment or deficiency letters received from the SEC that concern compliance audits conducted by the SEC regarding filings of Schedule 13G and/or 13D;
- (9) The Commission requires that when Additional Applicants (new mutual funds) are formed in the future for the purposes authorized in this order, that notice of such formation be filed with the Commission within 45 days from the date of formation; and
- (10) Applicants must inform the Commission of any change in circumstances that would reflect a departure from the facts the Commission relied upon in granting the application.

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This action is taken pursuant to the authority delegated to the Director, Division of Tariffs and Market Development – West, under 18 C.F.R. § 375.307. This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Steve P. Rodgers
Director
Division of Tariffs and Market Development - West

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Attachment 1
Collective list of TRP Entities

Funds

T. Rowe Price Balanced Fund, Inc.
T. Rowe Price Blue Chip Growth Fund, Inc.
T. Rowe Price California Tax-Free Income Trust
California Tax-Free Bond Fund
California Tax-Free Money Fund
T. Rowe Price Capital Appreciation Fund
T. Rowe Price Capital Opportunity Fund, Inc.
T. Rowe Price Corporate Income Fund, Inc.
T. Rowe Price Developing Technologies Fund, Inc.
T. Rowe Price Diversified Mid-Cap Growth Fund, Inc.
T. Rowe Price Diversified Small-Cap Growth Fund, Inc.
T. Rowe Price Dividend Growth Fund, Inc.
T. Rowe Price Equity Income Fund
T. Rowe Price Financial Services Fund, Inc.
T. Rowe Price Global Technology Fund, Inc.
T. Rowe Price GNMA Fund
T. Rowe Price Growth & Income Fund, Inc.
T. Rowe Price Growth Stock Fund, Inc.
T. Rowe Price Health Sciences Fund, Inc.
T. Rowe Price High Yield Fund, Inc.
T. Rowe Price Index Trust, Inc.
T. Rowe Price Equity Index 500 Fund
T. Rowe Price Extended Equity Market Index Fund
T. Rowe Price Total Equity Market Index Fund
T. Rowe Price Inflation Protected Bond Fund, Inc.
T. Rowe Price Institutional Equity Funds, Inc.
T. Rowe Price Institutional Concentrated Large-Cap Value Fund
T. Rowe Price Institutional Large-Cap Core Growth Fund
T. Rowe Price Institutional Large-Cap Growth Fund
T. Rowe Price Institutional Large-Cap Value Fund
T. Rowe Price Institutional Mid-Cap Equity Growth Fund
T. Rowe Price Institutional Small-Cap Stock Fund
T. Rowe Price Institutional Income Funds, Inc.
T. Rowe Price Institutional Core Plus Fund
T. Rowe Price Institutional High Yield Fund
T. Rowe Price Institutional International Funds, Inc.
T. Rowe Price Institutional Emerging Markets Equity Fund
T. Rowe Price Institutional Foreign Equity Fund
T. Rowe Price Institutional Global Equity Fund
T. Rowe Price International Funds, Inc.
T. Rowe Price Emerging Europe & Mediterranean Fund

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T. Rowe Price Emerging Markets Bond Fund
T. Rowe Price Emerging Markets Stock Fund
T. Rowe Price European Stock Fund
T. Rowe Price Global Stock Fund
T. Rowe Price International Bond Fund®
T. Rowe Price International Discovery Fund
T. Rowe Price International Growth & Income Fund
T. Rowe Price International Stock Fund
T. Rowe Price Japan Fund
T. Rowe Price Latin America Fund
T. Rowe Price New Asia Fund
T. Rowe Price International Index Fund, Inc.
T. Rowe Price International Equity Index Fund
T. Rowe Price Media & Telecommunications Fund, Inc.
T. Rowe Price Mid-Cap Growth Fund, Inc.
T. Rowe Price Mid-Cap Value Fund, Inc.
T. Rowe Price New America Growth Fund
T. Rowe Price New Era Fund, Inc.
T. Rowe Price New Horizons Fund, Inc.
T. Rowe Price New Income Fund, Inc.
T. Rowe Price Personal Strategy Funds, Inc.
T. Rowe Price Personal Strategy Balanced Fund
T. Rowe Price Personal Strategy Growth Fund
T. Rowe Price Personal Strategy Income Fund
T. Rowe Price Prime Reserve Fund, Inc.
T. Rowe Price Real Estate Fund, Inc.
T. Rowe Price Reserve Investment Funds, Inc.
T. Rowe Price Government Reserve Investment Fund
T. Rowe Price Reserve Investment Fund
T. Rowe Price Science & Technology Fund, Inc.
T. Rowe Price Short-Term Bond Fund, Inc.
T. Rowe Price Short-Term Income Fund, Inc.
T. Rowe Price Small-Cap Stock Fund, Inc.
T. Rowe Price Small-Cap Value Fund, Inc.
T. Rowe Price Spectrum Fund, Inc.
T. Rowe Price State Tax-Free Income Trust
Georgia Tax-Free Bond Fund
Maryland Short-Term Tax-Free Bond Fund
Maryland Tax-Free Bond Fund
Maryland Tax-Free Money Fund
New Jersey Tax-Free Bond Fund
New York Tax-Free Bond Fund
New York Tax-Free Money Fund
Virginia Tax-Free Bond Fund
T. Rowe Price Summit Funds, Inc.
T. Rowe Price Summit Cash Reserves Fund

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T. Rowe Price Summit GNMA Fund
T. Rowe Price Summit Municipal Funds, Inc.
T. Rowe Price Summit Municipal Money Market Fund
T. Rowe Price Summit Municipal Intermediate Fund
T. Rowe Price Summit Municipal Income Fund
T. Rowe Price Tax-Efficient Funds, Inc.
T. Rowe Price Tax-Efficient Balanced Fund
T. Rowe Price Tax-Efficient Growth Fund
T. Rowe Price Tax-Efficient Multi-Cap Growth Fund
T. Rowe Price Tax-Exempt Money Fund, Inc.
T. Rowe Price Tax-Free High Yield Fund, Inc.
T. Rowe Price Tax-Free Income Fund, Inc.
T. Rowe Price Tax-Free Short-Intermediate Fund, Inc.
T. Rowe Price U.S. Bond Index Fund, Inc.
T. Rowe Price U.S. Treasury Funds, Inc.
U.S. Treasury Intermediate Fund
U.S. Treasury Long-Term Fund
U.S. Treasury Money Fund
T. Rowe Price Value Fund, Inc.
T. Rowe Price Institutional Emerging Markets Bond Fund
T. Rowe Price Overseas Stock Fund

Variable Annuity Portfolios

T. Rowe Price Equity Series, Inc.
T. Rowe Price Blue Chip Growth Portfolio
T. Rowe Price Equity Income Portfolio
T. Rowe Price Equity Index 500 Portfolio
T. Rowe Price Health Sciences Portfolio
T. Rowe Price Mid-Cap Growth Portfolio
T. Rowe Price New America Growth Portfolio
T. Rowe Price Personal Strategy Balanced Portfolio
T. Rowe Price Fixed Income Series, Inc.
T. Rowe Price Limited-Term Bond Portfolio
T. Rowe Price Prime Reserve Portfolio
T. Rowe Price International Series, Inc.
T. Rowe Price International Stock Portfolio

T. Rowe Price Common Trust Funds

Institutional Common Trust Fund
U.S. Treasury Money Market Trust
Equity Index Trust
Retirement Strategy Trust-Balanced

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Retirement Strategy Trust-Conservative Growth
Retirement Strategy Trust-Income Plus
Bond Index Trust
Short-Term Bond Index Trust
Blue Chip Growth Trust (currently unfunded)
Capital Appreciation Trust
Growth & Income Trust
Growth Stock Trust
Equity Income Trust
New Horizons Trust
Total Market Index Trust (currently unfunded)
International Common Trust Fund
Emerging Markets Equity Trust
Foreign Discovery Trust
Foreign Discovery Trust-B
Japan Discovery Trust (currently unfunded)
International Small-Cap Trust (currently unfunded)
Structured Research Common Trust Fund
Stable Value Common Trust Fund
Managed Bond Common Trust Fund
Small-Cap Stock Trust
Alaska Common Trust Fund
Alaska GNMA Trust
Alaska Corporate/Government Trust
Alaska Large-Cap Trust
Alaska Small-Cap Trust
Alaska International Trust
Alaska Money Market Trust
Alaska Money Market Master Trust
Alaska Balanced Trust
Alaska Long-Term Balanced Trust
Alaska Target 2025 Trust

T. Rowe Price Offshore Funds

T. Rowe Price Funds SICAV
US Large-Cap Growth Equity Fund
US Large Cap Value Equity Fund
US Smaller Companies Equity Fund
US Blue Chip Equity Fund
US Dollar Investment Grade Corporate Bond Fund
US Aggregate Bond Fund
US Structured Research Equity Fund
European Structured Research Equity Fund
EURO Corporate Bond Fund

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Global Aggregate Bond Fund
Japanese Equity Fund
Asian ex-Japan Equity Fund
Global Equity Fund
Global Emerging Markets Equity Fund
Global Emerging Markets Bond Fund
Global High Yield Bond Fund
US Mid-Cap Equity Fund
Global Natural Resources Equity Fund
T. Rowe Price Life Plan Income Fund
T. Rowe Price Institutional Funds FCP

Appendix B

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

T. Rowe Price Group, Inc.
T. Rowe Price Associates, Inc.
T. Rowe Price International, Inc.
T. Rowe Price Global Investment Services Limited
T. Rowe Price (Canada), Inc.
T. Rowe Price Trust Company
T. Rowe Price (Luxembourg) Management S.ár.l.
T. Rowe Price Savings Bank

Docket No. EC10-51-000

ORDER EXTENDING BLANKET AUTHORIZATIONS TO
ACQUIRE SECURITIES

(Issued April 13, 2010)

On March 15, 2010, as supplemented on March 26, 2010, T. Rowe Price Group, Inc. (TRPG); T. Rowe Price Associates, Inc. (TRP Associates); T. Rowe Price International, Inc.; T. Rowe Price Global Investment Services Limited (Global Investment Services); T. Rowe Price (Canada), Inc.; T. Rowe Price Trust Company; T. Rowe Price (Luxembourg) Management S.ár.l.; and T. Rowe Price Savings Bank (collectively, Primary Applicants), and each of the mutual funds, common trust funds, and offshore funds sponsored by TRPG's subsidiaries or affiliates (collectively, TRP Entities)¹ (collectively with Primary Applicants, Applicants) filed under sections 203(a)(1) and 203(a)(2) of the Federal Power Act (FPA)² a request to extend their existing blanket authorizations to acquire securities previously filed and approved by the Commission for Applicants. Previously, the Commission granted the request for blanket authorization subject to certain conditions.³ In the instant application, Applicants request a reauthorization and a three year extension of their blanket authorizations. The previous blanket authorizations expire on April 17, 2010.

Applicants state that on December 31, 2008, TRPG contributed all of its shares in T. Rowe Price Global Asset Management Limited (Global Asset Management) to the

¹ The TRP Entities are individually identified in Attachment 1 to this order. Attachment 1 lists 131 T. Rowe Price Mutual Funds, 13 Variable Annuity Portfolios, 65 T. Rowe Price Common Trust Funds, and 31 T. Rowe Price Offshore Funds.

² 16 U.S.C. § 824b (2006).

³ *T. Rowe Price Group, Inc.*, 119 FERC ¶ 62,048 (2007). (Prior Order).

capital of Global Investment Services. Global Asset Management also transferred all of its investment management contracts to Global Investment Services. Accordingly, Global Asset Management is no longer named as an Applicant.

Applicants state that, except for the changes described above, none of the material facts relied upon by the Commission in the Prior Order has changed, and the facts stated in the Applicants' prior filed application are incorporated herein by reference. As a result, the findings made in the Prior Order regarding competition, rates and regulation apply equally to this application. Furthermore, Applicants commit to continue to meet the terms of the Prior Order not otherwise discussed in this application.

Applicants reaffirm that the blanket authorizations will not result in cross-subsidization of a non-utility associate company or pledge or encumbrance of utility assets for the benefit of an associate company. Applicants will be non-controlling, passive investors. Additionally, Applicants contend that, based on the facts and circumstances known to Applicants or that are reasonably foreseeable, the transaction will not result in, now or in the future, any: (1) transfer of facilities between a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, and an associate company; (2) new issuance of securities by a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; (3) new pledge or encumbrance of assets of a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; or (4) new affiliate contract between a non-utility associate company and a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, other than non-power goods and services agreements subject to review under sections 205 and 206 of the FPA.

This filing was noticed on March 25, 2010, with comments, protests or interventions due on or before April 5, 2010. None was filed. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provision of Rule 214.

Information and/or systems connected to the bulk power system involved in this transaction may be subject to reliability and cybersecurity standards approved by the Commission pursuant to FPA section 215. Compliance with these standards is mandatory and enforceable regardless of the physical location of the affiliates or investors, information databases, and operating systems. If affiliates, personnel or investors are not authorized for access to such information and/or systems connected to

the bulk power system, a public utility is obligated to take the appropriate measures to deny access to this information and/or the equipment/software connected to the bulk power system. The mechanisms that deny access to information, procedures, software, equipment, etc., must comply with all applicable reliability and cybersecurity standards. The Commission, NERC or the relevant regional entity may audit compliance with reliability and cybersecurity standards.

Order No. 652 requires that sellers with market-based rate authority timely report to the Commission any change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority.⁴ The foregoing authorization may result in a change in status. Accordingly, Applicants are advised that they must comply with the requirements of Order No. 652. In addition, Applicants shall make appropriate filings under section 205 of the FPA, to implement the transaction.

After consideration, it is concluded that the proposed transactions are consistent with the public interest and are hereby authorized, subject to the following conditions:

- (1) The proposed transactions are authorized upon the terms and conditions and for the purposes set forth in the application;
- (2) No Applicant, individually, will own, control or hold 10 percent or more of the voting securities of any Utility, as defined in the Prior Order. Collectively, Applicants will not own, control or hold more than 20 percent of the voting securities of any one Utility. If TRPG invests in the voting securities of any individual Utility for its own account, it will not own, control or hold more than one percent of the voting securities of such Utility;
- (3) A Primary Applicant (other than TRPG) will only acquire the securities of publicly-traded Utilities, as set forth in the Prior Order, and each Applicant will maintain governing policies as set forth in the Prior Order;
- (4) The authorization, which includes authorization for Additional Applicants (new mutual funds), expires three years from the date of this order, without prejudice to requests to extend the authorization;
- (5) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service,

⁴ *Reporting Requirement for Changes in Status for Public Utilities with Market-Based Rate Authority*, Order No. 652, 70 Fed. Reg. 8,253 (Feb. 18, 2005), FERC Stats. & Regs. ¶ 31,175, order on reh'g, 111 FERC ¶ 61,413 (2005).

accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before the Commission;

- (6) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted;
- (7) The Commission retains authority under sections 203(b) and 309 of the FPA, to issue supplemental orders as appropriate;
- (8) Applicants shall file with the Commission contemporaneous with filing at the SEC the Schedule 13G filings made with the SEC that are relevant to the authorizations granted in this order. Any changes in the information provided on the initial Schedule 13G must be reflected in an annual amended filing due within 45 days of the end of each calendar year. Applicants shall file with the Commission any comment or deficiency letters received from the SEC that concern Schedule 13G-related compliance audits conducted by the SEC;
- (9) The Commission requires that when Additional Applicants are formed in the future for the purposes authorized in this order, that notice of such formation be filed with the Commission within 45 days from the date of formation; and
- (10) Applicants must inform the Commission within 30 days of any change in circumstances that would reflect a departure from the facts the Commission relied upon in authorizing the transaction.

This action is taken pursuant to the authority delegated to the Director, Division of Electric Power Regulation – West under 18 C.F.R. § 375.307. This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order pursuant to 18 C.F.R. § 385.713.

Steve P. Rodgers
Director
Division of Electric Power Regulation - West

Attachment 1
Collective List of TRP Entities

Funds

- T. Rowe Price Balanced Fund, Inc.
- T. Rowe Price Blue Chip Growth Fund, Inc.
- T. Rowe Price California Tax-Free Income Trust
 - California Tax-Free Bond Fund
 - California Tax-Free Money Fund
- T. Rowe Price Capital Appreciation Fund
- T. Rowe Price Capital Opportunity Fund, Inc.
- T. Rowe Price Corporate Income Fund, Inc.
- T. Rowe Price Diversified Mid-Cap Growth Fund, Inc.
- T. Rowe Price Diversified Small-Cap Growth Fund, Inc.
- T. Rowe Price Dividend Growth Fund, Inc.
- T. Rowe Price Equity Income Fund
- T. Rowe Price Financial Services Fund, Inc.
- T. Rowe Price Global Real Estate Fund, Inc.
- T. Rowe Price Global Technology Fund, Inc.
- T. Rowe Price GNMA Fund
- T. Rowe Price Growth & Income Fund, Inc.
- T. Rowe Price Growth Stock Fund, Inc.
- T. Rowe Price Health Sciences Fund, Inc.
- T. Rowe Price High Yield Fund, Inc.
- T. Rowe Price Index Trust, Inc.
 - T. Rowe Price Equity Index 500 Fund
 - T. Rowe Price Extended Equity Market Index Fund
 - T. Rowe Price Total Equity Market Index Fund
- T. Rowe Price Inflation Protected Bond Fund, Inc.
- T. Rowe Price Institutional Equity Funds, Inc.
 - T. Rowe Price Institutional Large-Cap Core Growth Fund
 - T. Rowe Price Institutional Large-Cap Growth Fund
 - T. Rowe Price Institutional Large-Cap Value Fund
 - T. Rowe Price Institutional Mid-Cap Equity Growth Fund
 - T. Rowe Price Institutional Small-Cap Stock Fund
 - T. Rowe Price Institutional U.S. Structured Research Fund
- T. Rowe Price Institutional Income Funds, Inc.
 - T. Rowe Price Institutional Core Plus Fund
 - T. Rowe Price Institutional Floating Rate Fund
 - T. Rowe Price Institutional High Yield Fund
- T. Rowe Price Institutional International Funds, Inc.
 - T. Rowe Price Institutional Africa & Middle East Fund

- T. Rowe Price Institutional Emerging Markets Bond Fund
- T. Rowe Price Institutional Emerging Markets Equity Fund
- T. Rowe Price Institutional Foreign Equity Fund
- T. Rowe Price Institutional Global Equity Fund
- T. Rowe Price Institutional Global Large-Cap Equity Fund
- T. Rowe Price Institutional International Bond Fund
- T. Rowe Price International Funds, Inc.
 - T. Rowe Price Africa & Middle East Fund
 - T. Rowe Price Emerging Europe & Mediterranean Fund
 - T. Rowe Price Emerging Markets Bond Fund
 - T. Rowe Price Emerging Markets Stock Fund
 - T. Rowe Price European Stock Fund
 - T. Rowe Price Global Infrastructure Fund
 - T. Rowe Price Global Large-Cap Stock Fund
 - T. Rowe Price Global Stock Fund
 - T. Rowe Price International Bond Fund
 - T. Rowe Price International Discovery Fund
 - T. Rowe Price International Growth & Income Fund
 - T. Rowe Price International Stock Fund
 - T. Rowe Price Japan Fund
 - T. Rowe Price Latin America Fund
 - T. Rowe Price New Asia Fund
 - T. Rowe Price Overseas Stock Fund
- T. Rowe Price International Index Fund, Inc.
 - T. Rowe Price International Equity Index Fund
- T. Rowe Price Media & Telecommunications Fund, Inc.
- T. Rowe Price Mid-Cap Growth Fund, Inc.
- T. Rowe Price Mid-Cap Value Fund, Inc.
- T. Rowe Price New America Growth Fund
- T. Rowe Price New Era Fund, Inc.
- T. Rowe Price New Horizons Fund, Inc.
- T. Rowe Price New Income Fund, Inc.
- T. Rowe Price Personal Strategy Funds, Inc.
 - T. Rowe Price Personal Strategy Balanced Fund
 - T. Rowe Price Personal Strategy Growth Fund
 - T. Rowe Price Personal Strategy Income Fund
- T. Rowe Price Prime Reserve Fund, Inc.
- T. Rowe Price Real Estate Fund, Inc.
- T. Rowe Price Reserve Investment Funds, Inc.
 - T. Rowe Price Government Reserve Investment Fund
 - T. Rowe Price Reserve Investment Fund
- T. Rowe Price Retirement Funds, Inc.
 - T. Rowe Price Retirement 2005 Fund

- T. Rowe Price Retirement 2010 Fund
- T. Rowe Price Retirement 2015 Fund
- T. Rowe Price Retirement 2020 Fund
- T. Rowe Price Retirement 2025 Fund
- T. Rowe Price Retirement 2030 Fund
- T. Rowe Price Retirement 2035 Fund
- T. Rowe Price Retirement 2040 Fund
- T. Rowe Price Retirement 2045 Fund
- T. Rowe Price Retirement 2050 Fund
- T. Rowe Price Retirement 2055 Fund
- T. Rowe Price Retirement Income Fund
- T. Rowe Price Science & Technology Fund, Inc.
- T. Rowe Price Short-Term Bond Fund, Inc.
- T. Rowe Price Short-Term Income Fund, Inc.
- T. Rowe Price Small-Cap Stock Fund, Inc.
- T. Rowe Price Small-Cap Value Fund, Inc.
- T. Rowe Price Spectrum Fund, Inc.
 - Spectrum Growth Fund
 - Spectrum Income Fund
 - Spectrum International Fund
- T. Rowe Price State Tax-Free Income Trust
 - Georgia Tax-Free Bond Fund
 - Maryland Short-Term Tax-Free Bond Fund
 - Maryland Tax-Free Bond Fund
 - Maryland Tax-Free Money Fund
 - New Jersey Tax-Free Bond Fund
 - New York Tax-Free Bond Fund
 - New York Tax-Free Money Fund
 - Virginia Tax-Free Bond Fund
- T. Rowe Price Strategic Income Fund, Inc.
- T. Rowe Price Summit Funds, Inc.
 - T. Rowe Price Summit Cash Reserves Fund
 - T. Rowe Price Summit GNMA Fund
- T. Rowe Price Summit Municipal Funds, Inc.
 - T. Rowe Price Summit Municipal Income Fund
 - T. Rowe Price Summit Municipal Intermediate Fund
 - T. Rowe Price Summit Municipal Money Market Fund
- T. Rowe Price Tax-Efficient Funds, Inc.
 - T. Rowe Price Tax-Efficient Equity Fund
- T. Rowe Price Tax-Exempt Money Fund, Inc.
- T. Rowe Price Tax-Free High Yield Fund, Inc.
- T. Rowe Price Tax-Free Income Fund, Inc.
- T. Rowe Price Tax-Free Short-Intermediate Fund, Inc.

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- T. Rowe Price U.S. Bond Index Fund, Inc.
- T. Rowe Price U.S. Large-Cap Core Fund, Inc.
- T. Rowe Price U.S. Treasury Funds, Inc.
 - U.S. Treasury Intermediate Fund
 - U.S. Treasury Long-Term Fund
 - U.S. Treasury Money Fund
- T. Rowe Price Value Fund, Inc.

Variable Annuity Portfolios

- T. Rowe Price Equity Series, Inc.
 - T. Rowe Price Blue Chip Growth Portfolio
 - T. Rowe Price Equity Income Portfolio
 - T. Rowe Price Equity Index 500 Portfolio
 - T. Rowe Price Health Sciences Portfolio
 - T. Rowe Price Mid-Cap Growth Portfolio
 - T. Rowe Price New America Growth Portfolio
 - T. Rowe Price Personal Strategy Balanced Portfolio
- T. Rowe Price Fixed Income Series, Inc.
 - T. Rowe Price Limited-Term Bond Portfolio
 - T. Rowe Price Prime Reserve Portfolio
- T. Rowe Price International Series, Inc.
 - T. Rowe Price International Stock Portfolio

T. Rowe Price Common Trust Funds

- T. Rowe Price Institutional Common Trust Fund
 - T. Rowe Price U.S. Treasury Money Market Trust
 - T. Rowe Price Equity Index Trust
 - T. Rowe Price Bond Index Trust
 - T. Rowe Price Short-Term Bond Index Trust
 - T. Rowe Price Capital Appreciation Trust
 - T. Rowe Price Growth & Income Trust
 - T. Rowe Price Growth Stock Trust
 - T. Rowe Price Equity Income Trust
 - T. Rowe Price New Horizons Trust
 - Retirement Strategy Trust-Balanced
 - T. Rowe Price Total Market Index Trust
- International Common Trust Fund
 - Emerging Markets Equity Trust
 - Foreign Discovery Trust
 - Japan Discovery Trust
 - International Small-Cap Trust

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T. Rowe Price Structured Research Common Trust Fund

T. Rowe Price Stable Value Common Trust Fund

T. Rowe Price Managed Bond Common Trust Fund

T. Rowe Price Small-Cap Stock Trust

Alaska Common Trust Fund

Alaska Aggregate Bond Trust

Alaska U.S. Equity Market Trust

Alaska GNMA Trust

Alaska Corporate/Government Trust

Alaska Large-Cap Trust

Alaska Small-Cap Trust

Alaska International Trust

Alaska Money Market Trust

Alaska Money Market Master Trust

Alaska Balanced Trust

Alaska Long- Term Balanced Trust

Alaska Target Retirement 2010 Trust

Alaska Target Retirement 2015 Trust

Alaska Target Retirement 2020 Trust

Alaska Target Retirement 2025 Trust

Alaska Target Retirement 2030 Trust

Alaska Target Retirement 2035 Trust

Alaska Target Retirement 2040 Trust

Alaska Target Retirement 2045 Trust

Alaska Target Retirement 2050 Trust

Alaska Target Retirement 2055 Trust

T. Rowe Price Retirement Date Trust

T. Rowe Price Retirement 2055 Trust

T. Rowe Price Retirement 2050 Trust

T. Rowe Price Retirement 2045 Trust

T. Rowe Price Retirement 2040 Trust

T. Rowe Price Retirement 2035 Trust

T. Rowe Price Retirement 2030 Trust

T. Rowe Price Retirement 2025 Trust

T. Rowe Price Retirement 2020 Trust

T. Rowe Price Retirement 2015 Trust

T. Rowe Price Retirement 2010 Trust

T. Rowe Price Retirement 2005 Trust

T. Rowe Price Retirement Income Trust

T. Rowe Price U.S. Equities Trust

T. Rowe Price Non-U.S. Equities Trust

T. Rowe Price Fixed Income Trust

T. Rowe Price Short-Term Income Trust

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T. Rowe Price Strategic Common Trust Fund

T. Rowe Price Structured Research Broad Market Trust

T. Rowe Price Intermediate Term Common Trust Fund

T. Rowe Price Short Term Common Trust Fund

T. Rowe Price Blue Chip Growth Trust

T. Rowe Price Offshore Funds**T. Rowe Price Funds SICAV**

Asian ex-Japan Equity Fund

EURO Corporate Bond Fund

European Equity Fund

Emerging Local Markets Bond Fund

European Structured Research Equity Fund

European ex-UK Equity Fund

Global Aggregate Bond Fund

Global Equity Fund

Global Emerging Markets Bond Fund

Global Emerging Markets Equity Fund

Global High Yield Bond Fund

Global Infrastructure Equity Fund

Global Natural Resources Equity Fund

Japanese Equity Fund

Latin American Equity Fund

Middle East & Africa Equity Fund

US Aggregate Bond Fund

US Blue Chip Equity Fund

US Dollar Investment Grade Corporate Bond Fund

US Large-Cap Growth Equity Fund

US Large Cap Value Equity Fund

US Mid-Cap Equity Fund

US Smaller Companies Equity Fund

T. Rowe Price Kikantoushika-Muke Funds FCP

Asian Ex Japan Equity Fund

Global Equity

Global Ex-Japan Equity

Japanese Equity

US Structured Research

US Large-Cap Growth Equity Fund

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T. ROWE PRICE ASSOCIATES, INC.

**Response to Commission Staff's First Request for Information to T. Rowe Price Associates,
Inc. Dated January 14, 2016**

Case No. 2015-00389

Question No. 2

Witness: Ryan P. Nolan

Q-2. Refer to application, numbered paragraph 19, which states that, if the proposed transaction is completed, T. Rowe Price will not be able to exert control over NiSource, Inc. ("Nisource") or its Kentucky jurisdictional utility, Columbia Gas of Kentucky, Inc. ("Columbia Gas"), because certain internal and external controls protect against exercising control.

Q-2(a) Explain in specific detail how the terms and conditions of the FERC April 17, 2007 Order prevent T. Rowe Price from exercising control over NiSource or Columbia Gas.

A-2(a) T. Rowe Price made certain commitments to FERC that were incorporated into the FERC April 17, 2007 Order, which prevent it from exercising control over NiSource or Columbia Gas, such as:

- "Each Applicant will maintain its status as a beneficial owner eligible to file Schedule 13G under the SEC rules under the Securities Act of 1934 (1934 Act), as amended, regarding the acquisition and holding of more than five percent of any class of equity securities of a Utility, and will file a copy of Schedule 13G with the Commission when it files the Schedule 13G with the SEC."

T. Rowe Price's commitment to maintain its status as a beneficial owner eligible to file a Schedule 13G effectively prevents it from exercising control over NiSource or Columbia Gas. A person who is eligible to file a Schedule 13G is precluded from taking actions that may indicate an intent to exercise control, such as:

- Appointing members to the NiSource or Columbia Gas Boards of Directors
- Soliciting proxies to elect a member to the NiSource or Columbia Gas Boards of Directors
- Engaging in the day-to-day management of NiSource or Columbia Gas
- Launching a proxy contest to propose or contest a transaction

The condition that T. Rowe Price must remain eligible to file a Schedule 13G prevents it from exercising control over NiSource or Columbia Gas.

- “None of the TRP Entities, individually, will own, control or hold 10% or more of the voting securities of any Utility. If TRPG invests in the voting securities of any individual Utility for its own account, it will not own, control or hold more than 1% of the voting securities of such Utility.”

This condition assures that no single Advisory Client of T. Rowe Price will own a significant number of shares to the extent that it could exercise control over NiSource or Columbia Gas. Each Advisory Client’s investment portfolio is managed by a portfolio manager who makes independent decisions consistent with the portfolio’s investment objectives.

Q-2(b) Explain in specific detail how the eligibility requirements for the Securities and Exchange Commission Schedule 13G prevent T. Rowe Price from exercising control over NiSource or Columbia Gas

A-2(b) According to rules promulgated by the Securities and Exchange Commission, a person acquiring more than five percent of any class of equity security with the intention or purpose of controlling or influencing the conduct of the target company’s business must file a Schedule 13D. T. Rowe Price has represented that it will not take any actions that would require it to file a Schedule 13D.

In contrast, a person that “acquire[s] such securities in the ordinary course of his business and not with the purpose nor with the effect of changing or influencing the control of the issuer, nor in connection with or as a participant in any transaction having such purpose or effect,” is eligible to file a Schedule 13G. T. Rowe Price has represented that it will remain eligible to file a Schedule 13G with respect to its beneficial ownership of the voting securities of NiSource. Accordingly, T. Rowe Price cannot take any actions with the intent or purpose of controlling NiSource or Columbia Gas.

Q-2(c) Identify and explain in specific detail how outside securities regulation and enforcement prevent T. Rowe Price from exercising control over NiSource or Columbia Gas.

A-2(c) Certain Advisory Clients that own shares of NiSource are investment funds registered under the laws of Luxembourg. Under Luxembourg law, and pursuant to their own investment policies, these investment funds are prohibited from investing in voting securities of a company

in a manner that would enable them to exercise significant influence over the management of the company. Accordingly, these investment funds cannot take actions to exercise control over NiSource or Columbia Gas.

T. ROWE PRICE ASSOCIATES, INC.

**Response to Commission Staff's First Request for Information to T. Rowe Price Associates,
Inc. Dated January 14, 2016**

Case No. 2015-00389

Question No. 3

Witness: Ryan P. Nolan

- Q-3. Confirm that the FERC April 17, 2007 Order, page 6, refers to internal controls of T. Rowe Price, and affiliated entities, that protect against exercising control over public utilities whose voting securities have been acquired by T. Rowe Price, including a general investment policy.
- A-3. I confirm that the FERC April 17, 2007 Order, page 6, refers to internal controls.
- Q-3(a) Explain whether there are internal controls still in existence and how those internal controls would prevent T. Rowe Price from exercising control over NiSource or Columbia Gas.
- A-3(a) T. Rowe Price has adopted a general investment policy ("TRP General Investment Policy") which prevents T. Rowe Price from purchasing shares of a class of voting securities of a company for its clients if, after giving effect to such purchase, T. Rowe Price collectively, would beneficially own more than 9.99% of that class of voting securities. In order to increase beneficial ownership above 9.99%, approval must be obtained from the Equity Steering Committee, which is an internal steering committee of the Equity Division. As part of the approval process, the Legal Department must confirm whether the company is subject to any laws, regulatory rules or provisions of company-specific documents (*e.g.*, company "poison pills" that limit to a stated threshold the ownership of any one party) that may prohibit or require approval from a regulatory body to acquire beneficial ownership in excess of 9.99%. Should the Legal Department determine that any such ownership limitations may apply, approval is denied while the Legal Department investigates whether any relief from those limitations is available. With respect to NiSource, the Legal Department identified the need to receive approval from the Kentucky Public Service Commission prior to increasing T. Rowe Price's beneficial ownership above 9.99%.

In situations where relief from an ownership limitation is granted the Legal Department will inform the Equity Division and will set forth any relevant conditions of the relief.

The TRP General Investment Policy states that it is the policy of T. Rowe Price not to invest with the purpose or effect of changing or influencing the control of the company under ordinary circumstances.

Additionally, each T. Rowe Price sponsored mutual fund has adopted certain operating policies. One such operating policy applicable to all T. Rowe Price sponsored mutual funds states that a fund may not “[i]nvest in companies for the purpose of exercising management or control.” Operating policies may be changed by a mutual fund’s Board of Directors. The T. Rowe Price mutual funds’ operating policies can be found on page 299 of the funds’ Statement of Additional Information available at the following link: <http://individual.troweprice.com/staticFiles/Retail/Shared/PDFs/SAI.pdf>

Q-3(b) Provide copies of those internal controls that would prevent T. Rowe Price from exercising control over NiSource or Columbia Gas.

A-3(b) See Appendix C for the T. Rowe Price General Investment Policy.

Q-3(c) Explain the procedures by which T. Rowe Price can alter, amend, or revise its existing internal controls that currently prevent it from exercising control over NiSource or Columbia Gas, and provide copies of any such procedures that are in writing.

A-3(c) Any change to the T. Rowe Price General Investment Policy or to our standard business practices which would allow T. Rowe Price to exercise control over NiSource or Columbia Gas would be subject to approval at three levels. One, since investing for control purposes would be a change to our investment strategy, approval from the Equity Steering Committee would be necessary. Second, senior management would need to approve in light of the significance of such a change. Three, the firm’s Legal Department, including the Chief Compliance Officer would need to confirm whether the change would contradict any regulatory requirements or other commitments made by the firm.

Appendix C

**T. ROWE PRICE POLICY AND PROCEDURES
REGARDING AGGREGATE BENEFICIAL OWNERSHIP
OF EQUITY SECURITIES**

EXECUTIVE SUMMARY

This policy outlines the firm's key policies and procedures to ensure proper oversight and control of aggregate beneficial ownership of equity securities, on behalf of its advisory clients. Under ordinary circumstances, it is the policy of **T. Rowe Price** not to invest with the purpose or effect of changing or influencing the control of a company.

T. Rowe Price closely monitors its aggregate ownership in equity securities to ensure compliance with (a) various federal and state regulatory limits and requirements, (2) individual corporate-imposed ownership levels (e.g., shareholder rights plans) and (3) internal risk management policies and practices.

As outlined herein, **T. Rowe Price Legal & Compliance** determines the firm's aggregate ownership in equity securities in accordance with the beneficial ownership reporting rules under Section 13 of the Securities Exchange Act of 1934. Notwithstanding any specific regulatory or company-imposed ownership restrictions, **T. Rowe Price** allows aggregate ownership in an equity security up to 10% without any prior review or approval. Exceptions to this 10% limit can be requested by Portfolio Managers who wish to increase ownership above this level. Such exceptions require prior approval by the **Equity Steering Committee** or **International Steering Committee** and are typically provided up to 14% aggregate ownership. In certain cases, requests to increase aggregate ownership up to maximum of 18% of aggregate ownership will be approved by the **Equity Steering Committee** or **International Steering Committee**.

POLICY

10% Ownership Limit. Generally, our policy is to determine the firm's aggregate ownership in an equity security in accordance with the beneficial ownership reporting rules under Section 13 of the Securities Exchange Act of 1934 (the "Exchange Act"). Without the approval of the Equity Steering Committee ("ESC") or the International Steering Committee ("ISC") as appropriate, T. Rowe Price will generally not make additional purchases of the equity securities (including securities convertible into common stock) of a company for its clients if, as a result of such purchases, 10% or more of outstanding equity securities of such company would be held by its clients in the aggregate (the **10% Limit**). For companies with more than one class of securities, approval to exceed 10% of the outstanding securities should be done on a class-by-class basis.

Exceptions to the 10% Limit. In accordance with the procedures set forth below, the 10% aggregate limit may be raised by the ESC or ISC initially to 14% (the "**14% Limit**"), with a maximum limit of 18% (the "**18% Limit**").

Exclusion of Distribution Management Services ("DMS") Shares. Notwithstanding any legal, regulatory or corporate ownership limits that may apply to a company, the ESC and ISC may exclude any shares held by DMS accounts for purposes of calculating the percentage of outstanding equity securities owned for each company when considering exceptions to the **10% Limit**. In such cases, the ESC or ISC may elect to approve the aggregate holdings limit to the **14% Limit** (or **18% Limit**, as applicable) plus the percentage shares owned by DMS accounts. However, the aggregate holdings, including DMS account shares, will be evaluated for reporting under the Exchange Act and other regulatory or corporate-imposed aggregate ownership limitations that apply to T. Rowe Price holdings. Any DMS shares subsequently liquidated will reduce the total aggregate ownership limit approved (e.g., if all DMS shares were subsequently liquidated the aggregate ownership approval would revert to 18% in total).

Note: In considering requests for exceptions to the 10% Limit, the ESC and ISC typically expect the related security to be currently covered by an Investment Analyst or Portfolio Manager with a stock-rating of "1" or "2" assigned to the holding. In situations where coverage of the security is not considered current (e.g., no research notes or related activity for 6 months or more), or where no numeric stock-rating is assigned, the ESC or ISC may require updated security coverage and/or stock-rating before granting permission to exceed 10% aggregate ownership.

Multiple Classes of Equity Securities. In cases where a company has more than one class of equity securities, the Committee may allow ownership in excess of 18% of a single class. The Committee will consider our economic ownership, our voting power and other factors when deciding if approval is appropriate.

- Our economic ownership is our aggregate ownership of the equity of the enterprise, across all share classes. Economic ownership is limited to 18% (the "**18% Total Limit**") on an aggregate basis, excluding shares held by DMS accounts as approved by ESC or ISC.
- Our voting power describes how many of the total votes we have the authority to exercise

across all share classes (based on the number of votes per share, which can differ between classes). Voting power can be different than our economic ownership in companies that have multiple share classes with different voting rights. Voting power is limited to 20% (the “20% Total Voting Limit”) on an aggregate basis across share classes. Beneficial ownership of 20% or more of the voting rights could cause T. Rowe Price to be considered an affiliate of the issuer, and all shares beneficially owned would be deemed “control shares” which could not be sold absent compliance with Rule 144 or a resale registration statement covering the shares.

No Intent to Invest for Control. Under ordinary circumstances, it is the policy of T. Rowe Price not to invest with the purpose or effect of changing or influencing the control of a company.

Application of Policy to ADRs and GDRs. Holdings of American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) will be converted into shares of the underlying foreign security, and added to any holdings of the underlying foreign security, for purposes of determining our beneficial ownership. It is important to note, for calculation purposes, that the total outstanding share number of the underlying shares typically includes the shares represented by the ADRs/GDRs. Also, the ESC or ISC will consider our beneficial ownership of the publicly traded float, as described below. Depending upon whether the ADRs are listed on a U.S. exchange, a Schedule 13G filing may be required in the event we hold more than 5% of the class of the outstanding ADRs (based on the underlying outstanding shares). Aggregation of such ADRs/GDRs with our ownership of the underlying foreign security may be required for purposes of foreign ownership reporting on a country-specific basis.

Convertible Instruments. Under normal circumstances, our policy is to calculate the firm’s aggregate ownership in the underlying shares of a convertible instrument pursuant to Rule 13d-3(d)(1) of the Exchange Act. Generally, we are deemed to beneficially own the underlying shares of a convertible instrument if we have a right to convert the instrument within 60 days. For calculation purposes, the number of underlying shares we are deemed beneficially own should be added to our existing beneficial ownership of that class of shares (numerator). Also, the same number of shares (not the total shares of the convertible issue) should be added to the number of outstanding shares (denominator). Requests for exceptions to this policy should be made according to the general procedures described below.

Application of Policy to Equity Derivatives.

- **Purchased Calls.** Call options purchased (long calls) on individual securities will be aggregated with the firm’s holdings of common stock in the underlying security. American-style long calls will be counted for purposes of the firm’s Schedule 13G filings; and European-style call options will also be counted in the firm’s holdings for Schedule 13G purposes if exercisable within 60 days.
- **Written Calls.** Written call options (short calls) on individual securities will not reduce our firm’s aggregate ownership in the issuer of the individual security underlying the written call. Such options have no effect on our aggregate ownership with respect to Schedule 13G.

- **Written Puts.** Put options written (short puts) on individual securities will be aggregated with the firm's holdings of common stock in the underlying security. Such options, however, will not be counted for Schedule 13G purposes since we cannot control if, and when, such options may be exercised.
- **Purchased Puts.** Put options purchased (long puts) on individual securities will not reduce our firm's aggregate ownership in the issuer of the individual security underlying the purchased put. Such options have no effect on our aggregate ownership with respect to Schedule 13G.

Ownership of Publicly Traded Float. In addition to the aforementioned policy on aggregate holdings of equity securities, ownership as it relates to the publicly traded float should also be taken into consideration. The "publicly traded float" is generally the number of issued shares held by persons other than the issuer and its officers, directors and other affiliates ("control persons") in situations where such control persons are subject to lock-up or other restrictions on their ability to sell. However, "publicly traded float" is not a defined term and exact figures are typically not reported or provided by data vendors. As such, calculating precise float ownership is sometimes not possible. Ownership of a significant percentage of the publicly traded float of a company's equity securities could have an impact on the liquidity of our shares. T. Rowe Price does not set a specific limit on the aggregate percentage of publicly traded float owned by its clients. However, the ownership percentage of publicly traded float, based on the data available, is tracked for each holding on a daily basis.

For the Price Mutual Funds, the maximum regulatory limit for illiquid securities is 15% of fund assets. Investment Compliance monitors these limits using a proprietary program that takes into consideration the nature of the fund's holdings and the days trading volume held in a particular stock. Holdings where T. Rowe Price funds own a significant percentage of the public float will likely be treated as illiquid.

For issuers with ADRs or GDRs, two rules will be applied in calculating our ownership of the public float. First, when the underlying equity securities also trade on an exchange, and the ADRs/GDRs can be readily converted into the underlying securities, they should be combined for float purposes. Second, when the underlying equity securities do not trade the non-trading securities should not be counted in the calculation of our ownership of public float.

In situations where the number of outstanding shares and/or the publicly traded float is subject to change or not yet known due to a pending securities offering (e.g. IPOs, shares in lock-up periods), the public float and our ownership level should be reviewed as soon as possible after the close of the offering when accurate figures are available.

PROCEDURES

Approval Process/Checklist. The **ESC** and **ISC** are responsible for administering the Policy. In general, the **ESC** will review all US and Canadian securities requests, while the **ISC** will review all O.U.S. securities. However either Committee may review and approve any security where it is appropriate to do so, for example if an O.U.S. security requires approval outside U.K. working hours.

U.S. and Canadian Issuers. If a Portfolio Manager or Investment Analyst wishes to increase the firm's aggregate holdings limit in a particular U.S. or Canadian equity security to the 14% or 18% Limits, he or she must obtain **ESC** approval. Requests for increased ownership should be made by contacting the Equity General Manager (or another designee) who will prepare a Checklist/Request Form together with Additional Information*. The Equity General Manager will also contact Group Compliance to verify that there are no compliance issues to prohibit ownership above the requested limit. The form will be submitted to two members of the **ESC** for approval. Once the approval has been granted by the designated Committee members, the signed copy of the Checklist/Request Form is sent to Group Compliance.

O.U.S. Issuers. If a Portfolio Manager or Investment Analyst wishes to increase the firm's aggregate holdings limit in a particular foreign equity security to the **14% Limit** or **18% Limit**, he or she must obtain **ISC** approval. Requests for increased ownership should be made by contacting the International Equity General Manager (or another designee) who will prepare a Checklist/Request Form together with Additional Information*. The International Equity General Manager will also coordinate with Group Compliance (and if necessary, the International Compliance Team) to verify that there are no compliance issues to prohibit ownership above the requested limit. The International Equity General Manager will then submit the Form to the Chair of the **ISC** for approval. Once the approval has been granted, the signed copy of the Checklist/Request Form is sent to Group Compliance.

**Additional information:* A Holdings Report of the security from Spyderweb, together with recent analysts' reports and notes, an S&P 500 report and an O'Neil report on the security. If no S&P and/or O'Neil chart is available for the security, recent broker research reports can be substituted. The checklist and these reports will be submitted to the appropriate Committee for consideration of approval for increased ownership.

Purpose of Checklist. The information furnished in the Checklist/Request Form will assist the Committee in its deliberations and will provide the Legal Department with the necessary information to determine whether an increase in the firm's aggregate holdings above the **10% Limit** could trigger a regulatory filing or subject T. Rowe Price or any of its clients to regulatory restrictions. There are different forms for U.S. and Canadian securities and for all other foreign securities:

- **In the U.S.,** certain regulated industry groups are subject to various state and/or federal reporting requirements and ownership restrictions; Legal Department approval may be required depending upon the company's industry classification. Refer to "Explanations" attached to the "Checklist and Request For Increase In Aggregate Equity Holdings" (US & Canada) form attached.

- In addition, for **O.U.S. securities**, certain industry groups and/or holdings in foreign jurisdictions will be subject to various foreign regulatory disclosures and ownership restrictions, so the International Equity General Manager must review all requests and coordinate with Group Compliance. Refer to "Checklist and Request For Increase In Foreign Aggregate Equity Holdings" (Non-US & Canada) form attached.

Equity Steering Committee Review.

Requests up to 14% Limit. The ESC or ISC will review all relevant fundamental financial and trading information in considering whether it will grant a request to increase the aggregate holdings above the **10% Limit**, and up to the **14% Limit**. The Committee will ordinarily act upon initial requests up to the **14% Limit**.

Requests to Exceed 14%. Should a Portfolio Manager or Investment Analyst wish to seek approval for a higher limit, he or she must reapply to the ESC or ISC for approval and submit an updated Checklist/Request Form. Such requests, however, will ordinarily not be acted upon until T. Rowe Price' aggregate holdings reach the **13% level**. The ESC or ISC will determine if the company's circumstances and the market for its common stock can support aggregate holdings in excess of the **10% Limit** and **14% Limit**, up to the maximum **18% Limit**.

Requests to Exceed 18% per Class. When warranted by the particular circumstances, the Committee may grant approval for aggregate holdings in excess of the **18% maximum Limit** on a per class basis, provided that the firm's aggregate holdings of all equity classes of a company does not exceed the **18% Total Limit** (excluding shares held by DMS accounts as approved by ESC or ISC) or the **20% Total Voting Limit**. Requests to exceed 18% of a class must be submitted to the Chairperson of the Committee and one other member.

Note: Ordinarily, if a member of the applicable Steering Committee is a holder of the security for funds or client accounts managed by the member, they must recuse themselves and cannot participate in the approval process.

Compliance Monitoring. Group Compliance is responsible for monitoring the firm's aggregate holdings of equity securities. When the firm's aggregate holdings in a particular equity security reaches the **8% level**, the company is placed on an "Aggregate Holdings Restricted List" which is distributed to Portfolio Managers, portfolio assistants, traders, and supervisors. Group Compliance will receive copies of the completed Checklist/Request Forms anytime the ESC or ISC approves a request to exceed the **10% Limit**. It will then revise the Aggregate Holdings Restricted List to show whether the company has been approved for aggregate holdings at the **14% Limit** or **18% Limit**, and if applicable, the **18% Total Limit** and **20% Total Voting Limit**. Group Compliance will also be responsible for monitoring the firm's compliance with the approved limits under these procedures and for retaining records.

If you have any questions regarding this policy, please contact Ryan Nolan at extension 6618.

Effective 4/4/96; Revised 6/13/05, 8/31/06, 11/29/06, 12/4/08, 3/1/11

Attachment:
Checklist

LGL1396/ wpdata/compliance/aggregate equity holdings policy and procedures