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June 27, 2013

Richard Northern
Francis Mellen, Jr.
Wyatt, Tarrant & Combs LLP
500 West Jefferson Street, Suite 2800
Louisville, KY 40202

Robert Watt
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Louisville, KY 40202

Re: Case No. 2013-00163

Gentlemen:

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum concerning the June 26, 2013 Informal Conference, please do so within five days of receipt of this letter. If you have any questions, please contact Virginia Gregg or Jonathan Beyer, Staff Attorneys, at 502/564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File – Case No. 2013-00163

FROM: Jonathan Beyer, Staff Attorney

DATE: June 27, 2013

RE: Informal Conference of June 26, 2013

On June 26, 2013, pursuant to the Commission's June 21, 2013 Order, an informal conference was held in this matter at the request of the applicants to discuss and simplify the issues presented in this case. A list of attendees is attached.

Beginning the conference, Mr. O'Brien with Peoples Natural Gas Company LLC ("Peoples"), presented an overview of the company's history and present operational status. He stated that Peoples' predominant focus is on safety and customer service. He further stated that while the Kentucky operations are a small portion of the overall assets involved in the transfer agreement with EQT, Peoples will continue to focus foremost on safety and continuing to improve customer service. He noted that once the transfer is completed, the Kentucky activities will be detached into a separate subsidiary solely encompassing the Kentucky farm tap operations. Mr. McGuire followed with a summary of SteelRiver Infrastructure Partners ("SteelRiver") investment philosophy and stated that the instant acquisition, like current properties in SteelRiver's portfolio, is intended to be a long-term, multi-decade acquisition.

Commission Staff inquired whether Peoples intends to continue operating as a farm tap system pursuant to KRS 278.485 and noted that Commission approval of the transfer may not be required for a farm tap system which does not meet the statutory definition of a utility. Mr. Watt stated that previous Commission Orders have not been clear on whether Equitable Gas Company ("Equitable Gas") is a farm tap provider or a regulated utility. Mr. O'Brien indicated that it is Peoples' intention to continue to operate as a farm tap system as opposed to a fully regulated utility. However, he stated that Peoples is amenable to and comfortable with operating under either classification. Mr. Quinn thereafter briefly described the current Equitable Gas gas purchase arrangement giving rise to the gas cost which is passed through Equitable's quarterly Gas Cost Adjustment mechanism.

In consideration of the broader transaction, Mr. Watt, requested that in the event the Commission finds that approval for the transfer of a farm tap system is unnecessary, the Commission issue an Order specifically asserting the basis and rationale for the decision. He further indicated that this matter may be resolved through discovery and therefore that it is the position of the applicants that a hearing is unnecessary.

Finding that no party had any further questions, the conference was adjourned.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF PNG COMPANIES LLC,)
PEOPLES NATURAL GAS COMPANY LLC, EQT) CASE NO.
CORPORATION, DISTRIBUTION HOLDCO, LLC) 2013-00163
AND EQUITABLE GAS COMPANY, LLC FOR)
APPROVAL OF ACQUISITION OF OWNERSHIP)
AND CONTROL OF EQUITABLE GAS COMPANY,)
LLC)

Please sign in:

| NAME | REPRESENTING |
|-----------------------------|---|
| <u>David Gray</u> | <u>PNG EQT - Telephonically</u> |
| <u>John Quinn</u> | <u>PNG EQT - Telephonically</u> |
| <u>Fred DeLuna</u> | <u>EQT - Telephonically</u> |
| <u>Jonathan Beyer</u> | <u>PSC - Legal</u> |
| <u>Vingress Trezza</u> | <u>PSC - Legal</u> |
| <u>Robert Wae</u> | <u>SNO / Equitable</u> |
| <u>GARY GLOVER</u> | <u>PSC - ENGINEERING</u> |
| <u>Leah Faulkner</u> | <u>PSC - Financial Analysis</u> |
| <u>Jim Lucas</u> | <u>PSC - Financial Analysis</u> |
| <u>JOHN MCGUIRE</u> | <u>Steel River Infrastructure Partners.</u> |
| <u>Frank Mellen</u> | <u>Wyatt, Tarrant + Combs</u> |
| <u>RICK NORTHERN</u> | <u>WYATT, TARRANT + COMBS</u> |
| <u>MORGAN O'BRIEN</u> | <u>PEOPLES NATURAL GAS</u> |
| <u>Jason Brangers</u> | <u>PSC - Engineering</u> |