

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF PNG	)	
COMPANIES LLC, DRAKE MERGER SUB INC.,	)	
AND DELTA NATURAL GAS COMPANY, INC.	)	CASE NO.
FOR APPROVAL OF AN ACQUISITION OF	)	2017-00125
OWNERSHIP AND CONTROL OF DELTA	)	
NATURAL GAS COMPANY, INC.	)	

ORDER

On May 5, 2017, PNG Companies LLC (“PNG”), Drake Merger Sub Inc. (“Drake”), and Delta Natural Gas Company, Inc. (“Delta”) (collectively “Joint Applicants”) filed a motion for leave to file an amended application (“Motion”) to add additional parties. Along with the Motion, Joint Applicants tendered an amended application (“Amended Application”) and, in support of the Amended Application, the direct testimony of John McGuire.

On March 16, 2017, Joint Applicants filed an application (“Initial Application”) requesting Commission approval of acquisition of ownership and control of Delta by PNG and Drake. The Application stated that Drake was a “wholly-owned subsidiary of PNG,”<sup>1</sup> but made no reference to any companies that had an ownership interest in PNG. However, an Agreement and Plan of Merger (“APM”) was attached to the Initial Application as Exhibit A. In the APM, Section 5.6, SteelRiver Operations LP (“SteelRiver”) was mentioned in the context of a confidentiality agreement between

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<sup>1</sup> Initial Application, at 1.

SteelRiver and PNG, with SteelRiver referred to as a parent company of PNG. Additionally, an electronic mail address set forth in the APM referenced another entity, SteelRiver Partners. The relationship between the entities was not explained or addressed in the Application.

The direct testimony of Preston D. Poljak, which was attached to the Initial Application as Exhibit E, references "SteelRiver LDC Ventures LLC" ("SRLDCV") as the "ultimate parent company" of PNG. SteelRiver LDC Ventures LLC is owned by SteelRiver Infrastructure Fund North America LP ("SRIFNA").<sup>2</sup>

Based upon these references, Commission Staff's First Request for Information ("Staff's First Request") asked, among other things, for an explanation of the relationship between PNG and these other entities. The responses resulted in further questioning in Commission Staff's Second Request for Information ("Staff's Second Request") as to why Joint Applicants had not sought Commission approval for SRLDCV and SRIFNA to acquire control of Delta, as they were corporate parents of PNG and, pursuant to KRS 278.020(7), would acquire indirect control of Delta.<sup>3</sup> Subsequently, the Joint Applicants filed the pending Motion and Amended Application requesting that the parent companies be added as parties.

As a basis for their Motion, Joint Applicants state that, having reviewed the Commission Staff's First and Second Requests, they concluded that SRIFNA and SRLDCV would be acquiring indirect control of Delta under KRS 278.020(7) and filed the Motion to include SRIFNA and SRLDCV as parties under 807

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<sup>2</sup> *Id.*, Exhibit E at 2.

<sup>3</sup> Joint Applicants' Response to Commission Staff's Second Request, Item 5.

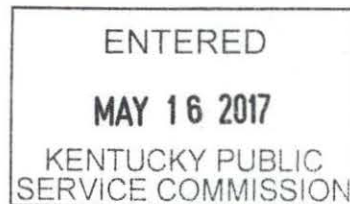
KAR 5:001, Section 4(5). This regulation states, "Upon motion of a party and for good cause shown, the commission shall allow a[n] application . . . to be amended . . . . Unless the commission orders otherwise, the amendment shall not relate back to the date of the original paper." The Joint Applicants state as evidence of good cause that they did not initially believe that SRIFNA and SRLDCV were necessary to the proceedings because neither entity would have control over the day-to-day business operations of PNG or PNG's affiliates.

Having reviewed the Motion and being otherwise sufficiently advised, the Commission finds that the Joint Applicants have established good cause to permit them to amend their Initial Application, and that the Amendment should not relate back to the March 16, 2017, filing date of the Application. Pursuant to KRS 278.020(7), the Commission is required to adjudicate such applications within 60 days of filing, unless good cause exists to continue the application for an additional 60 days. By Order entered March 30, 2017, the Commission found that the investigation could not be completed within 60 days of the filing date of the Initial Application and continued the matter to July 15, 2017. The Commission finds that the investigation cannot be completed by July 4, 2017, which is 60 days after the filing of the Amended Application, and that this matter should be continued for an additional 60 days from July 4, 2017, to September 2, 2017. However, the Commission shall use its best efforts to render a decision as soon as possible after July 15, 2017, which was the original statutory deadline. The Commission also finds that the existing procedural schedule should be modified to permit one additional round of discovery. Last, the Commission finds that the hearing in this matter should proceed as scheduled on June 8, 2017.

IT IS THEREFORE ORDERED that:

1. The Joint Applicants' Motion is granted.
2. Joint Applicants' Amended Application is deemed filed as of May 5, 2017.
3. SRIFNA and SRLDCV are added as parties to the request for approval of the proposed acquisition of ownership and control of Delta.
4. Joint Applicants' request for approval of the proposed acquisition of ownership and control is continued for an additional 60 days from July 4, 2017, to September 2, 2017, pursuant to KRS 278.020(7).
5. Supplemental requests for information to Joint Applicants shall be filed no later than May 22, 2017, and Joint Applicants shall file responses to the supplemental requests for information no later than May 30, 2017.
6. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission



ATTEST:

  
Executive Director

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