

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.)	

JOINT RESPONSE OF
PNG COMPANIES LLC, DRAKE MERGER SUB INC.
AND DELTA NATURAL GAS COMPANY, INC.
TO THE
ATTORNEY GENERAL'S INITIAL DATA REQUESTS
TO JOINT APPLICANTS DATED APRIL 7, 2017

FILED: April 19, 2017

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 001

Responding Witness: John B. Brown / Preston D. Poljak

Q-001 Reference the application pp. 5-6, wherein it is stated: "Upon closing, PNG may cause Delta to transfer ownership of its three unregulated wholly-owned subsidiaries directly to PNG or such subsidiaries may be merged into Delta."

- A. Compare this statement with the statement on p. 7 of the application that, "[a]s a result of the Proposed Transaction, PNG will acquire control of all assets of Delta." Explain whether the statement on p. 7 was intended to include Delta's unregulated subsidiaries.
- B. Identify the number of individuals employed by each of Delta Resources, Inc.; Delgasco, Inc.; and Enpro, Inc.
- C. State the impact on the number of jobs in each of Delta's existing subsidiaries under both scenarios regarding future ownership of the three unregulated subsidiaries.
- D. Discuss the tax consequences of either scenario regarding future ownership of the three unregulated subsidiaries.
 - i. Under the scenario of ownership being vested in PNG, will any of the taxes which the three unregulated subsidiaries have been paying to the Commonwealth of Kentucky instead be paid to the Commonwealth of Pennsylvania?
- E. In the event ownership of Enpro, Inc. is transferred to PNG, will payment of any gas royalties be made to PNG instead of to Delta? Discuss in full.
- F. With regard to PNG's existing utilities, does PNG currently exercise any or all of the functions which Delta's three unregulated subsidiaries exercise?

If the answer to the question immediately above is "yes," discuss how likely it is that the post-merger PNG would allow duplicative functions to be exercised by Delta's three unregulated entities.

A-001

- A. Yes, the statement was intended to include Delta's unregulated subsidiaries.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

A-001 Continued

- B. Delta currently has 151 employees. These same employees provide services to the subsidiaries.
- C. PNG does not currently anticipate any impact on the number of jobs under either ownership scenario.
- D. PNG does not anticipate that the potential transfer of ownership of the unregulated subsidiaries will have an impact on the amount of taxes paid to the Commonwealth of Kentucky.
- E. Delta does not receive royalties from Enpro, as Delta does not have ownership in the wells.
- F. Under PNG ownership Delta's unregulated subsidiaries will continue to require the same functions they do today.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 002

Responding Witness: Morgan K. O'Brien

Q-002 Reference the application, p. 12, wherein Joint Applicants discuss the possibility of entering into a services agreement between Delta and Peoples Service Company. In the event the Commission approves the contemplated transaction, and in the further event that Peoples Service Company begins executing some functions on Delta's behalf:

- A. State how many job Kentucky-based job positions will be lost; and
- B. Identify all measures that service company employees will undertake to become familiar with Kentucky utility laws and regulations, including regulatory accounting requirements.

A-002 Delta will file an application and seek Commission approval prior to entering into any services agreement with Peoples Service Company. Such application will contain detail surrounding services to be provided to Delta by Peoples Service Company. PNG will ensure that all service company employees will receive appropriate training with respect to Kentucky utility laws and regulations, including regulatory accounting requirements, prior to the commencement of any services.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 003

Responding Witness: Morgan K. O'Brien

Q-003 Assuming the contemplated transaction is approved, will Delta and its ratepayers be exposed to any increased costs for shared corporate services that it otherwise would not have faced but for the approval? If so, identify all such costs as completely as possible.

A-003 Please refer to the response to Question Number 002.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 004

Responding Witness: Morgan K. O'Brien

Q-004 Reference the application, p. 7, wherein it is stated: “. . . the acquisition by PNG of control over Delta will have no adverse impact on the provision of service by Delta to Delta's customers.” Identify all additional benefits Delta ratepayers will receive as a result of the transfer of control.

A-004 Please refer to the Joint Application at pages 7 through 12, the direct testimony of Morgan K. O'Brien at pages 10 through 17, the direct testimony of Preston D. Poljak at pages 6 through 10, and the response to the Commission Staff's Data Request Number 004.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 005

Responding Witness: Morgan K. O'Brien/Matthew D. Wesolosky

Q-005 Reference the application, p. 7, wherein it is stated, "PNG has the financial ability to: leverage the significant technology investments in the areas of customer service . . . to improve the level of customer service"

- A. Identify all customer service-related measures PNG is prepared to employ in Delta's Kentucky service territory that will improve Delta's existing customer service.
- B. Provide the total number of employees currently working in Delta's customer service centers. Please differentiate between full-time, part-time, and seasonal employees.

A-005

- A. PNG intends to convert the legacy Delta IT system to PNG's modern SAP platform. This enhanced technology is expected to provide a platform to enable improvements in customer service. Please refer to the response to the Commission's Staff's Data Request Number 004 for more specifics.
- B. Delta currently has 57 full-time and 2 part-time employees working in its customer service department. Delta does not currently have seasonal employees in its customer service department.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 006

Responding Witness: Morgan K. O'Brien

Q-006 Reference the application, p. 8, the third bullet point, wherein Joint Applicants pledge to, "[e]xpand Delta's partnerships and working relationships with economic development leaders within the communities and within government to help drive and support the further success and growth of the communities within the Delta footprint."

A. Do the Joint Applicants also pledge to expand Delta's partnerships and working relationships with Kentucky-based community action centers and other low-income advocate support groups? If not, why not?

A-006 Yes, Delta plans to continue its efforts in working toward economic development and promoting growth in its service areas. After the closing, these efforts will be evaluated and expanded where practical and feasible. This will include involvement with state and local government leaders, as well as with state and regional economic development efforts. This will also include community action centers and low-income advocacy support groups.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 007

Responding Witness: Preston D. Poljak

Q-007 Provide the current capital structure of PNG and each of its utility subsidiaries.

A-007 Please refer to the attachment labeled KYAOG-7.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 008

Responding Witness: John B. Brown

Q-008 Provide Delta's current capital structure.

A-008 As of 12/31/16 Delta's capital structure includes the following:

- Long Term Debt: \$50,500,000 (including \$1,500,000 current portion);
- Shareholders' Equity: \$77,099,500.
- There is no short-term debt outstanding.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 009

Responding Witness: Preston D. Poljak

Q-009 Provide the intended capital structure of Delta in the event the Commission approves the contemplated transaction.

A-009 PNG intends to maintain the capital structure of Delta in accordance with the Commission's standards.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 010

Responding Witness: Preston D. Poljak

Q-010 In the event the Commission approves the contemplated transaction, if Delta's parent entities and/or its affiliates experience any changes in their equity-to-capital ratio, please describe any potential effect on Delta and its ratepayers.

A-010 Please refer to the response to Question Number 009. PNG does not anticipate any adverse impact on Delta and its ratepayers from any such changes.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

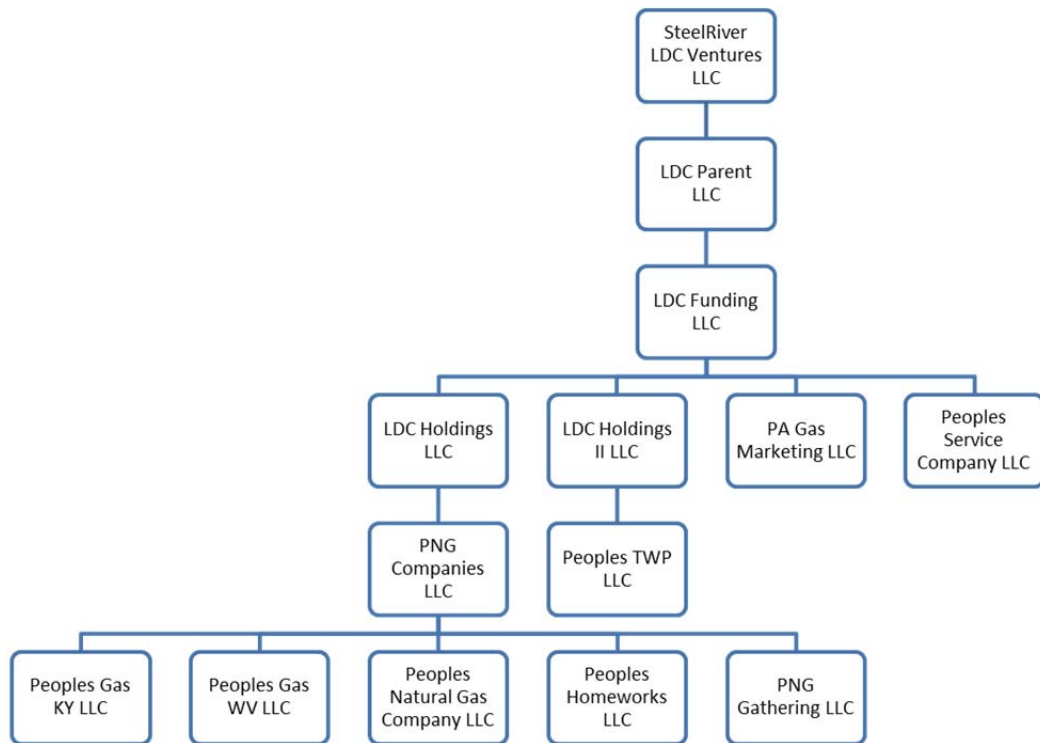
**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 011

Responding Witness: Preston D. Poljak / John B. Brown

Q-011 Provide a chart depicting Joint Applicants' organizational structure, including all subsidiaries, affiliates, and all parent companies (including SteelRiver Infrastructure Fund North America LP).

A-011 PNG's organizational structure is shown below. Please refer also to the response to the Commission Staff's Data Request Number 15. SteelRiver LDC Ventures LLC is owned by SteelRiver Infrastructure Fund North America LP and an affiliated fund.



**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

A-011 Continued

Delta's organization structure is shown below.



**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 012

Responding Witness: Morgan K. O'Brien

Q-012 Identify the type[s] of gas meters currently in place in each of PNG's utility territories.

A. State whether Joint Applicants plan to initiate any meter upgrades within Delta's service territory.

A-012 All PNG Companies use a combination of diaphragm, rotary, and turbine meters within the distribution system. Residential accounts are made up of diaphragm meters of several classes and manufacturers. Commercial accounts are typically serviced with larger diaphragm and rotary meters, using various classes/size and manufacturers. Industrial accounts use rotary and turbine meters, variety of sizes and manufacturers. The type of meter and size is determined by the customer load and pressure requirements.

Most of the customer meters for the former Equitable distribution business (PA, WV, and KY), acquired by PNG Companies in 2013, utilize Encoder Receiver Transmitter ("ERT") technology that provides automated meter reading capabilities. As part of a five-year plan that was initiated in 2016, the Company is in the process of installing state of the art ERT units on all customer meters throughout the service territories of the Peoples Division (PA) and Peoples TWP (PA).

PNG Companies do not have any plans to initiate meter upgrades within Delta's service territory. The customer meters throughout the Delta system currently have automated meter reading capabilities through the use of both 40 series and 100 series ERT units.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 013

Responding Witness: Morgan K. O'Brien

Q-013 State whether any of PNG's utilities employ decoupling and/or any other forms of alternative ratemaking in their respective service territories, and if so, identify them.

A-013 PNG's utilities do not employ revenue decoupling mechanisms in any of their jurisdictions. Regarding alternative ratemaking, all companies employ trackers for gas costs. Peoples Gas WV LLC provides a winter discount program for low income customers. All three Pennsylvania companies have trackers for universal service costs and infrastructure improvement costs. Please refer to the tariffs supplied in response to the Commission Staff's Data Request Number 008 for more details.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 014

Responding Witness: Glenn R. Jennings / Morgan K. O'Brien

Q-014 Identify the members of the following boards of directors:

- A. Delta (the current board);
- B. Delta (the board which will be formed in the event the Commission approves the contemplated transaction);
- C. People's Gas KY LLC;
- D. Drake Merger Sub Inc.;
- E. People's Natural Gas, LLC;
- F. People's TWP, LLC;
- G. People's Gas WV, LLC; and
- H. PNG.

A-014

- A. Delta Natural Gas Company, Inc. (the current Board of Directors) include:
Glenn R. Jennings, Linda K. Breathitt, Jacob P. Cline, III, Sandra C. Gray,
Edward J. Holmes, Michael J. Kistner, Fred N. Parker, Rodney L. Short and
Arthur Walker, Jr.
- B. The final size and identity of Delta's post-closing Board of Directors is still being developed. As previously discussed, PNG has committed to having an independent director included in this group.
- C. Peoples Gas KY LLC has No Board -- Member-Managed Kentucky Limited Liability Company -- Member is PNG Companies LLC

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

A-014 Continued

- D. Drake Merger Sub Inc. Board includes: Christopher P. Kinney, Dennis T. Mahoney, Jr., John McGuire, Morgan K. O'Brien
- E. Peoples Natural Gas Company LLC Board includes: Christopher P. Kinney, Dennis T. Mahoney, Jr., John McGuire, James Mahoney, Victor Roque, Morgan K. O'Brien
- F. Peoples TWP LLC Board includes Christopher P. Kinney, Dennis T. Mahoney, Jr., John McGuire, James Mahoney, Daniel Onorato, Morgan K. O'Brien
- G. Peoples Gas WV LLC has no Board -- Member-Managed West Virginia Limited Liability Company – Member is PNG Companies LLC
- H. PNG Companies LLC Board includes: Christopher P. Kinney, Dennis T. Mahoney, Jr., John McGuire, James Mahoney, Victor Roque, Morgan K. O'Brien

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 015

Responding Witness: Morgan K. O'Brien

Q-015 Provide a complete copy of any filings associated with the contemplated transaction made pursuant to the Hart-Scott-Rodino Antitrust Improvements Acts of 1976 (15 U.S.C.A. § 18a; together with regulations promulgated thereunder at 16 CFR §§ 801-803) (hereinafter jointly referred to as "the Act").

A. In the event the U.S. Department of Justice Antitrust Division and/or the Federal Trade Commission determine(s) that further inquiry is necessary and pursuant to the Act issues a second request for documents to the Joint Applicants, will the Joint Applicants agree to supply the Kentucky Commission and the Kentucky Attorney General's Office with copies of any documents produced in response to such a request, regardless of when the Joint Applicants make their response? If not, why not?

A-015 See attachments labeled KYOAG-15-P and KYOAG-15-D. The Joint Applicants will provide copies of the response to any additional requests.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 016

Responding Witness: Morgan K. O'Brien

Q-016 Provide copies of any and all filings made to any state or federal agency regarding the contemplated transaction.

A-016 Please refer to the response to Question Number 015 which is the only filing made to a federal agency. Other than this proceeding, there are no state filings.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 017

Responding Witness: Matthew D. Wesolosky /Preston D. Poljak

Q-017 Provide a copy of the most recent audited financial statements for:

- A. Delta;
- B. People's Gas KY, LLC;
- C. All other PNG utility affiliates;
- D. People's Natural Gas, LLC; and
- E. PNG.

A-017

A. Please refer to KYOAG 17-D for Delta's statements.

B through E. Please refer to KYOAG-17-P . The attachment includes statements for PNG Companies LLC, Peoples Natural Gas Company LLC and Peoples TWP LLC. No discrete audited financial statements for Peoples Gas KY LLC or any other company under PNG Companies LLC ownership exist. Financial results for those other companies would be included in the consolidated PNG Companies LLC statements.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 018

Responding Witness: Morgan K. O'Brien

Q-018 In the event the Commission approves the contemplated transaction, state whether Delta will honor all contractual and regulatory commitments which Delta entered into prior to the closing of the transaction.

A-018 Delta will honor all contractual and regulatory commitments entered into prior to the closing of the transaction.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 019

Responding Witness: Morgan K. O'Brien

Q-019 Reference the testimony of Morgan K. O'Brien, p. 8, lines 12-14. Specify whether all costs associated with the transaction will be kept out of Delta's rates.

A-019 All costs associated with the transaction will be kept out of Delta's rates.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 020

Responding Witness: Matthew D. Weslowsky /Morgan K. O'Brien

Q-020 Reference the testimony of Morgan K. O'Brien, p. 11, lines 1-3. Identify the amount of Alydyl-A pipe to be replaced on Delta's system.

A-020 Based on initial analysis, Delta has approximately 136 miles of Alydyl-A pipe. Further analysis will be performed on the impact this may have to Delta's pipe replacement program after closing. Any changes to the Delta pipeline replacement program will be filed with the Commission and approval of any changes contemplated will be sought at that time.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 021

Responding Witness: Morgan K. O'Brien

Q-021 Reference the testimony of Preston D. Poljak, p. 8, lines 17-19, wherein he states, "PNG will invest significant sums in Delta's IT systems to cause customer service operations to meet the standards of the customer service operations of the Peoples Utilities."

- A. In what regards is Delta's existing customer service operations insufficient to meet the needs of its customers?
- B. Identify the precise aspects of Delta's existing customer service operations that do not "meet the standards of the customer service operations of the Peoples Utilities."
- C. Provide a cost estimate of the "significant sums" PNG plans to invest in Delta's customer service system.
- D. Provide a cost-benefit analysis for all programs and investments PNG plans to make in Delta's operations and in its service territory.
- E. Confirm that Delta's ratepayers will pay for all such improvements.

A-021 PNG believes that Delta's existing customer service operations do meet the needs of its customers. The Peoples Utilities utilize a SAP based Customer Information System that contain more modern tools and options that PNG believes will enable Delta to enhance the service that it currently provides to its customers. (Please refer to the response to the Commission Staff's Data Request Number 004 for additional details). PNG plans to complete the investment evaluation at some point after closing. Any costs associated with the investment will be capitalized and accounted in the appropriate FERC account.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 022

Responding Witness: Morgan K. O'Brien

Q-022 Will Delta give clear and conspicuous notice to Kentucky consumers regarding any change in services resulting from the contemplated transaction? If not, why not?

A-022 Yes, clear and conspicuous notice will be given to the extent services change.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 023

Responding Witness: Glenn R. Jennings

Q-023 Reference the Jennings testimony, p. 6, line 19 wherein he references the “no impact period.” Define the term “no impact period,” including its length of time, when it will expire, what the period is predicated upon, and what will or may happen at the time of expiration.

A-023 The reference to a “no impact period” refers to the information in Section 5.11 (a) of the Agreement and Plan of Merger and the impact of the merger on employees of Delta. Section 5.11 (a) sets a no impact period of one year following the closing during which Delta employees will continue to receive compensation and benefits no less favorable than received prior to the closing. In the unlikely event that any employees are terminated without cause within the 1 year no impact period, they are entitled to receive severance compensation equal to the greater of their salary for the remainder of that year; 3 months of salary; or 1 week’s salary for each year of service to Delta. Also, after that 1 year no impact period, any Delta employee terminated without cause during the next 6 months (that is, during months 13 to 18 after the closing) is entitled to severance payments equal to the greater of 3 months’ salary or 1 week’s salary for each year of service to Delta. In addition to the severance compensation payable if any employees are terminated without cause in these periods, certain key employees are also entitled to the severance compensation if their employment terminates for “good reason,” which includes a material reduction in base compensation or a change of work location of more than 35 miles. PNG makes no commitments one way or the other in the Merger Agreement about severance compensation for any Delta employee terminated more than 18 months after the closing.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 024

Responding Witness: Morgan K. O'Brien

Q-024 State the amount of termination fees, and / or any, and all other fees and expenses either party, any combination of parties, or all parties would have to pay if the contemplated transaction is not consummated.

- A. Of those fees, state the amount for which Delta ratepayers would, or could, become responsible.
- B. If Delta ratepayers would be responsible for any such fees / expenses, state whether the company would have to file a rate case to recover such sums.

A-024 The termination provisions of the agreement are outlined in Article VII, Sections 7.1, 7.2 and 7.3 of the Agreement and Plan of Merger provided as Exhibit A to the Joint Application in this proceeding. Delta's ratepayers would not be responsible for any such fees/expenses.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 025

Responding Witness: Preston D. Poljak

Q-025 Identify the ways in which the following LLCs have chosen to be taxed by the IRS:

- A. People's Gas KY LLC;
- B. People's Natural Gas, LLC;
- C. People's TWP, LLC;
- D. People's Gas WV, LLC; and
- E. PNG Companies, LLC.

A-025 These entities are disregarded by the IRS for federal income tax purposes.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 026

Responding Witness: John B. Brown /Preston D. Poljak

Q-026: State whether: (i) PNG Companies, LLC; and/or (ii) Delta has or have reserved the right to adjust their regular dividends or distributions, as the case may be, pending completion of the transaction. If so:

- A. For how long will any modification to the dividend / distribution remain in effect?
- B. Provide, in complete detail, the rationale for any such adjustment.
- C. State whether that entity intends on seeking Commission approval of same, and if not, why not.
- D. As a result of any potential increase in dividend / distribution, state:
 - i. how much additional funding for corporate expenses of any type or sort that entity will seek from Delta's ratepayers; and
 - ii. whether any such adjustment will cause Delta to file a rate case, and if so, when.

A-026 PNG does not anticipate a change in its dividend policy, however it may do so at any point if it believes that a modification is warranted. Regarding Delta's dividends:

- A. The Agreement and Plan of Merger ("APM") provides for Delta to continue to pay quarterly cash dividends not to exceed the then current quarterly per share dividend rate by more than \$0.01 per quarter, with record dates and payment dates consistent with Delta's then current dividend practice. These quarterly dividends will continue until closing. The APM also provides for a "stub period" dividend as the final dividend paid to shareholders of record immediately prior to closing.
- B. The \$0.01 maximum per quarter increase in Delta's dividend is consistent with Delta's historical practice of increasing the quarterly dividend each year. At Delta's current annual dividend of \$0.83, a maximum annual increase of \$0.04 results in a 4.8% maximum increase.
- C. Delta's routine increase in quarterly dividend does not require Commission approval.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

A-026 Continued

- D. The proposed transaction has no bearing on Delta's ratepayers until Delta files its next rate case. Delta does not believe that a modest increase in dividends paid such as provided for in the APM would have any bearing on the timing of a future rate case.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 027

Responding Witness: John B. Brown /Preston D. Poljak

Q-027 State how much additional stock of any class Delta or its affiliates will issue as a condition of the transaction's consummation. If any, state the effect on Delta's ratepayers.

A-027 No additional stock of any class will be issued as a condition of the transaction's consummation. The only stock Delta anticipates issuing prior to closing consists of the shares routinely issued through the Dividend Reinvestment Plan (DRIP) and shares issued through the incentive compensation plan, if any. The shares issued through the incentive compensation plan depend on the Company's meeting of performance targets and the timing of closing.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 028

Responding Witness: John B. Brown / Morgan K. O'Brien

Q-028 State when Joint Applicants expect to receive full approval of the contemplated transaction from FERC, SEC, FCC, the U.S. Justice Dept., and all relevant state and federal regulatory authorities.

A-028 While these regulatory bodies do not specifically declare "full approval of the contemplated transaction," we believe we have already completed the required processes with each of the relevant regulatory bodies.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 029

Responding Witness: Morgan K. O'Brien

Q-029 As a result of the contemplated transaction, will Delta ratepayers be asked in any manner whatsoever to contribute toward any costs associated with operating any PNG utility in any other jurisdiction, including People's KY Gas, LLC?

A-029 No, Delta ratepayers will not be asked to contribute to costs associated with operating any PNG utility, including Peoples KY Gas, LLC

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 030

Responding Witness: Preston D. Poljak

Q-030 Discuss what effect the proposed transaction will have on the ability of: (i) PNG Companies, LLC; and (ii) Delta to borrow capital.

A-030 The proposed transaction will not impact PNG's ability to borrow capital and will increase Delta's access to capital through PNG.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 031

Responding Witness: John B. Brown

Q-031 Does Delta currently have the ability to trade its stock? Discuss what effect, if any, the proposed transaction will have on the ability of Delta to trade its stock.

A-031 Delta currently trades its stock on NASDAQ under the ticker symbol DGAS. The proposed transaction will result in the delisting of DGAS from NASDAQ. After closing, DGAS stock will not be publicly traded.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 032

Responding Witness: Preston D. Poljak

Q-032 Discuss what effect the contemplated transaction, if approved, will have on Delta's ability to access capital.

A-032 Delta will have increased access to capital through PNG. PNG currently maintains credit facilities with a consortium of national banks and has large network of long-term debt investors. Delta will have access to this group through PNG.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 033

Responding Witness: John B. Brown

Q-033 Please provide copies of any reports, analyses or reviews of the cost of capital for Delta after any approval of the application as conducted by any/each of the Joint Applicants.

A-033 Delta has not analyzed post-closing cost of capital.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 034

Responding Witness: John B. Brown

Q-034 Provide copies of Delta's current credit ratings from the three major ratings agencies.

Q-034 Delta is not rated by the credit rating agencies.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 035

Responding Witness: John B. Brown

Q-035 Discuss what effect the contemplated transaction, if approved, will have on Delta's credit ratings.

A-035 Delta does not maintain public credit ratings. Please refer to the response to Question Number 034.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 036

Responding Witness: John B. Brown

Q-036 Provide copies of any and all reports, analyses or reviews of the credit profile for Delta after any approval of the application as conducted by any/each of the Joint Applicants.

A-036 Delta's credit profile is expected to be unchanged after the approval of the application. Please refer to the response to Question Number 034.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 037

Responding Witness: Morgan K. O'Brien

Q-037 Identify any and all synergies that are expected to result from the contemplated transaction, if approved. Provide copies of any and all reports regarding same.

- A. State whether any synergy savings, with costs detailed, will be shared with Joint Applicants' customers, and if so, whether this includes Kentucky customers, and how much.
- B. Did PNG and/or its parent entities assume the existence of any synergies when it made the economic decision to purchase Delta?

A-037 PNG expects initial synergies to accrue from the transition of Delta from a publicly traded company to a privately held company. Costs associated with accounting, legal, corporate governance and shareholder services are expected to decline as a result of these costs going away because of this transaction. As stated in the Joint Application, PNG does not have any plans to file for a base rate increase. Over time, as new technology is deployed, PNG expects to identify additional opportunities for long-term process improvement and efficiencies. Please refer to the direct testimony of Morgan K. O'Brien, page 14, for further discussion.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 038

Responding Witness: Morgan K. O'Brien

Q-038 Provide copies of any and all reports and other documents identifying economies of scale or scope, with costs detailed, expected to result from the contemplated transaction.

- A. Identify any economies of scope or scale, with costs detailed, affecting the Joint Applicants' Kentucky-based operations; and
- C. State whether any savings related to economies of scale or scope, with costs detailed, will be shared with Joint Applicants' customers, and if so, how much.

A-038 Please refer to the response to Question Number 037. At this time, PNG has not prepared any reports regarding synergies or economies of scale or scope.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 039

Responding Witness: Preston D. Poljak

Q-039 Identify, in detail, any and all tax advantages, benefits and/or savings the Joint Applicants expect to result from the contemplated transaction, and provide any relevant quantifications.

A-039 The Joint Applicants do not expect any tax advantages, benefits or savings expected to result from the contemplated transaction. The transaction contemplated is merely the acquisition by PNG Companies LLC of all outstanding Delta stock. PNG Companies LLC will not make any special tax elections in connection with the acquisition of Delta stock. Delta's existing tax attributes, such as the tax basis and depreciation rates of its depreciable property will be maintained if the contemplated transaction closes as planned.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 040

Responding Witness: Preston D. Poljak

Q-040 Assuming the contemplated transaction receives full approval from all relevant regulatory authorities, will Delta be operating on a stand-alone basis following the transaction's consummation? Will Delta be filing separate tax returns following the transaction's consummation, or will it participate in a consolidated tax return? Please provide documentation demonstrating the anticipated or planned tax return status.

A-040 Assuming the contemplated transaction closes as planned; Delta will become a 100% subsidiary of PNG Companies LLC. As such, Delta will become a member of an affiliated tax group for federal and Kentucky tax purposes, and Delta will be required to file a consolidated income tax return with the IRS and the Kentucky Department of Revenue.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 041

Responding Witness: Matthew D. Wesolosky /Preston D. Poljak

Q-041 Please state whether the Joint Applicants currently have any deferred tax accounts on their respective balance sheets. If "yes," please identify the account(s), the amount carried therein, and provide a summary of the nature of the balance, and the reason for same.

A-041 Yes Please refer to attachment KYOAG-41-D for Delta's current deferred taxes, their nature and reasons,

PNG Companies does have deferred tax accounts recorded on its balance sheet as well. Below is the requested information regarding the balances as of December 31, 2016.

in thousands	<u>12/31/16 Bal.</u>	<u>Description</u>
Current Deferred Income Tax Asset	\$ 4,560	Short-term book to tax differences related to items such as purchased gas costs, employee benefits, bad debts, etc.
Long-term Deferred Income Tax Liability	\$ (198,412)	Long-term book to tax differences mostly related to depreciation.
Total Net Deferred Income Tax Liability	\$ (193,852)	

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 042

Responding Witness: Preston D. Poljak

Q-042 For each deferred tax balance identified above, please state what impact the contemplated transaction will have on the account (e.g., will the contemplated transaction result in a loss of any deferred tax credits?).

A-042 We do not believe this transaction will have any impact on the deferred tax accounts.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 043

Responding Witness: Morgan K. O'Brien

Q-043 Identify any and all other cost savings for Delta ratepayers that are expected to result from the contemplated transaction, if approved.

A-043 Please refer to the responses to Question Numbers 037, 038 and 039.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 044

Responding Witness: Preston D. Poljak

Q-044 If the contemplated transaction is approved, state whether Delta would be guaranteeing the credit of any of its affiliates.

A-044 Delta will not be guaranteeing the credit of any affiliates if the transaction is approved

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 045

Responding Witness: Morgan K. O'Brien

Q-045 Do the Joint Applicants agree that there are two categories of costs for the proposed transaction, namely: (1) costs-to-achieve the transaction (e.g., due diligence reports, legal counsel, etc.); and (2) costs-to-achieve cost savings in the post-transaction structure (e.g., systems integration, etc.)? If not, please identify the categories and provide a definition. Regardless of the answer, please provide the following:

- A. For the costs-to-achieve the transaction, explain how the Joint Applicants determine the costs that are allocated to or the responsibility of their respective owners, and those costs that are allocated to or the responsibility of their respective ratepayers, if any. Include any allocation methodologies.
- B. For the costs-to-achieve cost savings in the post-transaction structure, explain how the Joint Applicants determine the costs that are allocated to or the responsibility of their respective owners, and those costs that are allocated to or the responsibility of their respective ratepayers, if any. Include any allocation methodologies.
- C. For the costs-to-achieve the transaction, explain how the Joint Applicants determine the costs that are allocated to or the responsibility of their respective non-regulated operations. Include any allocation methodologies.
- D. For the costs-to-achieve cost savings in the post-transaction structure, explain how the Joint Applicants determine the costs that are allocated to or the responsibility of their respective regulated operations. Include any allocation methodologies.
- E. Do the Joint Applicants agree that there are certain costs associated with the contemplated transaction that are attributable solely to the process of obtaining the approval of the transaction (e.g. legal counsel for the regulatory proceedings)?
- F. Do the Joint Applicants consider the reduction of tax liability or the obtainment of tax benefits as cost savings?
- G. Do the Joint Applicants consider the reduction of a company's or unit's operating loss a cost savings?
- H. Supply an itemized schedule that shows the cost-to-achieve the transaction by year for as many years as your projections provide. (This is a request for a schedule that shows the estimated costs by year, by applicant.)
- I. For the schedule requested under sub-part [h] (the prior question), please identify by year for as many years as your projections provide the following:
 - i. the assignment of costs to each of the Joint Applicants' owners;

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

- ii. the assignment of costs to each of the Joint Applicants' ratepayers, if any; and
 - iii. the breakdown of the assignment of costs between regulated and non-regulated operations of each of the Joint Applicants.
- J. Supply an itemized schedule that shows the costs-to-achieve the cost savings in the post-transaction structure by year for as many years as your projections provide. (This is a request for a schedule that depicts the estimated costs by year.)
- K. For the schedule requested under sub-part [j] (the prior question), please identify by year for as many years as your projections provide the following:
- i. the assignment of costs to each of the Joint Applicants' owners;
 - ii. the assignment of costs to each of the Joint Applicants' ratepayers, if any; and
- the breakdown of the assignment of costs between regulated and non-regulated operations.

A-045 The Joint Applicants will not seek recovery for any costs to achieve the transaction or costs to achieve the initial savings as listed in the response to Question Number 037. PNG expects to invest in new technology at Delta that will provide long-term opportunities for process improvements and efficiencies as explained in the response to the Commission Staff's Data Request Number 004. The cost of this investment is not known at this time, but will be accounted for on Delta's books of account in accordance with FERC standards and will be included in rate base. The allocation of costs between the regulated and non-regulated operations will be maintained consistent with Delta's existing Cost Allocation Manual.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 046

Responding Witness: Morgan K. O'Brien

Q-046 For each category of costs to achieve cost savings in the post transaction structure, did the Joint Applicants determine the allocation percentages to separate out the non-regulated cost savings from the regulated costs savings? For example, did the Joint Applicants determine the amount of total staffing cost savings to allocate to regulated operations and the amount to allocate to non-regulated operations?

A-046 Please refer to the response to Question Number 045.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 047

Responding Witness: Morgan K. O'Brien

Q-047 Provide documentation of all allocations. If the Joint Applicants did not do so, please explain why.

A-047 Please refer to the response to Question Number 045.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 048

Responding Witness: Morgan K. O'Brien

Q-048 For each category of costs to achieve cost savings in the post transaction structure, identify the allocation process, including the factors, for allocating costs between regulated and non-regulated operations.

A-048 Please refer to the response to Question Number 045.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 049

Responding Witness: Morgan K. O'Brien

Q-049 For each category of costs to achieve cost savings in the post transaction structure, identify the corresponding amount of cost savings allocated to non-regulated operations for that category.

A-049 Please refer to the response to Question Number 045.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 050

Responding Witness: Morgan K. O'Brien

Q-050 Provide a copy of any and all due diligence report(s) conducted.

A-050 Please refer to the attachment labeled KYOAG-50 and note that PNG has redacted from this document (1) information that relates to the compensation of individual employees, which information is the subject of a motion for confidential treatment filed by PNG, and (2) information presented to PNG by the law firm of O'Melveny & Myers LLP, the outside counsel to PNG for this transaction, which information consists of a legal due diligence report prepared for PNG by O'Melveny & Myers LLP that is protected from disclosure by the attorney-client privilege.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 051

Responding Witness: Morgan K. O'Brien

Q-051 In the course of conducting their due diligence reviews, did the Joint Applicants identify any facts or circumstances that would have a material adverse effect on their customers? If yes, please identify same and provide the associated documents.

A-051 No, the Joint Applicants did not identify any facts or circumstances that would have a material adverse effect on their customers.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 052

Responding Witness: Preston D. Poljak

Q-052 If the contemplated transaction is approved, state whether Delta would be required to pledge any of its assets to finance the debt or any purchases of any of its affiliates.

A-052 Delta will not be required to pledge any of its assets to finance the debt or any purchases of its affiliates.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 053

Responding Witness: Preston D. Poljak

Q-053 If the contemplated transaction is approved, state whether Delta or its current subsidiaries will, as a condition of the contemplated transaction, be required to grant liens or encumbrances, or otherwise pledge any of their assets to finance any or all of the costs of the transaction.

A-053 Delta will not be required to grant liens or encumbrances, or otherwise pledge any of their assets to finance any or all of the costs of the transaction.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 054

Responding Witness: Preston D. Poljak

Q-054 Identify how much debt the Joint Applicants, stated independently for each one, plan to incur in order to consummate the proposed transaction. Will Delta ratepayers be required to reimburse one or more Joint Applicants for debt incurred for this purpose? If so, state how much, categorized by each Joint Applicant.

A-054 PNG intends to incur approximately \$85 million of debt, on a long-term basis, to fund this transaction. PNG will file an application and seek approval from the PSC regarding any future issuance of debt at Delta that is subject to the approval of the Commission.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 055

Responding Witness: Morgan K. O'Brien

Q-055 Provide a detailed explanation of whether and to what extent, if applicable, the Joint Applicants intend to enhance and / or expand their gas procurement, storage, transportation and distribution programs, regardless of whether regulated or unregulated.

A-055 Following closing of the proposed transaction, PNG Companies will conduct a closer examination of the opportunities to enhance and / or expand gas procurement, storage, and transportation and distribution programs. One area of focus will be to expand the opportunity for customers to have access to natural gas services within Delta's footprint and to engage with underserved communities to see where those opportunities would make sense. Delta has already begun a program to enhance their storage capabilities irrespective of this transaction.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 056

Responding Witness: Morgan K. O'Brien

Q-056 If the contemplated transaction is approved, state whether Delta would be required to give any type or sort of preference to its gas suppliers. If so, identify any and all such gas suppliers.

A-056 The proposed transaction does not require Delta to give any preference to its gas suppliers.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 057

Responding Witness: Morgan K. O'Brien

Q-057 Assuming the contemplated transaction is fully approved in every jurisdiction and by every regulatory authority, state whether any officers or directors of joint applicant will receive any bonus, compensation, distributions, retirement matches, incentives, insurance, use of corporate-owned property and/or any other remuneration of any type or sort. Please identify the applicable individuals, the method of remuneration, and the cash value thereof.

A-057 With the exception of change of control payments required by contract, no officer or director of the Joint Applicants will receive any bonus, compensation, distributions, retirement matches, insurance, use of corporate-owned property and/or any other remuneration of any type or sort.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 058

Responding Witness: Preston D. Poljak

Q-058 Assuming the contemplated transaction is approved by all relevant regulatory authorities, explain the process through which Delta will be able to challenge the allocation of a cost from a parent entity or affiliate. If the ability to challenge the allocation of a cost will not exist, then affirmatively state that fact.

A-058 PNG intends to maintain Delta's Cost Allocation Manual in its current form and is not currently contemplating any changes. To the extent PNG wishes to modify the Cost Allocation Manual, PNG will seek approval from the PSC

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 059

Responding Witness: John B. Brown / Morgan K. O'Brien

Q-059 Please provide all minutes of all meetings held during which the Boards of Directors of: (i) Joint Applicants; and (ii) all of PNG's operating utilities discussed the contemplated transaction.

A-059 Please refer to the attachment labeled KYOAG-59-P for PNG's board of directors meeting minutes.

Please refer to the attachment labeled KYOAG-59-D for Delta's board of directors meeting minutes and note the following:

In the September 23, 2016, minutes, the names of certain companies have been redacted and are the subject of a motion for confidential treatment. Communications from Kenneth Sagan to the Board of Directors have been redacted as they are protected from disclosure by the attorney-client privilege. Mr. Sagan is an attorney with Delta's counsel, Stoll Keenon Ogden, PLLC. The subject of the communications is legal ethics issues. A PowerPoint presentation prepared by Mr. Sagan and Sarah K. Mills, an attorney with Stoll Keenon Ogden, PLLC, that was delivered to the members of Delta's Board of Directors and executive officers and attached to the September 23 minutes has been withheld because it is protected from disclosure by the attorney-client privilege. The subject matter of the presentation is Board fiduciary duties in a change of control context. A presentation prepared by Tudor Pickering Holt & Co entitled Discussion Materials and attached to the September 23 minutes has been withheld and is the subject of a motion for confidential treatment. A table prepared by Sharon Mattingly, an attorney with Stoll Keenon Ogden, PLLC, setting forth issues and proposed revisions to Delta's officer agreements that was delivered to members of Delta's Board of Directors and executive officers has been withheld because it is protected from disclosure by the attorney-client privilege. A draft report of retention scenarios prepared by Mercer that was attached to the September 23 minutes has been withheld and is the subject of a motion for confidential treatment.

In the November 17, 2016, minutes, the names of certain companies have been redacted and are the subject of a motion for confidential treatment.

In the December 16, 2016, minutes, the names of certain companies have been redacted and are the subject of a motion for confidential treatment. A presentation prepared by Tudor Pickering Holt & Co entitled Discussion Materials and attached to the December 16 minutes has been withheld and is the subject of a motion for confidential treatment.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

A-059 Continued

In the February 1, 2017, minutes, a letter dated January 30, 2017, which was attached to the February 1 minutes has been withheld and is the subject of a motion for confidential treatment. A presentation prepared by Tudor Pickering Holt & Co entitled Discussion Materials and attached to the February 1 minutes has been withheld and is the subject of a motion for confidential treatment. A PowerPoint presentation prepared by Kenneth Sagan of Stoll Keenon Ogden, PLLC that was delivered to the members of Delta's Board of Directors and executive officers and attached to the February 1 minutes has been withheld because it is protected from disclosure by the attorney-client privilege. The subject matter of the presentation is an overview of PNG's proposed changes to the merger agreement.

There are no redactions or withheld attachments relating to the contemplated transaction with respect to the February 16, 2017, minutes.

In the February 20, 2017, minutes, a PowerPoint presentation prepared by Kenneth Sagan of Stoll Keenon Ogden, PLLC that was delivered to the members of Delta's Board of Directors and executive officers and attached to the February 20 minutes has been withheld because it is protected from disclosure by the attorney-client privilege. The subject matter of the presentation is Board fiduciary duties in a change of control context. The Company Disclosure Schedule attached to the minutes has been withheld and is the subject of a motion for confidential treatment. A memorandum from Mr. Sagan to the Board of Directors of Delta that was also delivered to Delta's executive officers and attached to the February 20 minutes has been withheld because it is protected from disclosure by the attorney-client privilege. The subject of the memorandum is a summary of merger agreement major negotiation points with SteelRiver and PNG Companies. A presentation prepared by Tudor Pickering Holt & Co entitled Discussion Materials and attached to the February 20 minutes has been withheld and is the subject of a motion for confidential treatment.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 060

Responding Witness: John B. Brown / Morgan K. O'Brien

Q-060 With regard to your response to the question immediately above, provide copies of the resolutions of all Boards of Directors that were required to approve the contemplated transaction.

A-060 PNG's and Delta's board of directors resolutions are contained in the response to Question Number 059.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 061

Responding Witness: Preston D. Poljak

Q-061 Will the contemplated transaction result in any changes in accounting principles for either of the Joint Applicants or any of their subsidiaries or affiliates? If yes, please summarize the change(s), and identify the impact on Delta ratepayers, whether direct or indirect, if any.

A-061 The transaction will not result in any changes in accounting principles.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 062

Responding Witness: Morgan K. O'Brien

Q-062 Do the Joint Applicants anticipate any substantive changes in any existing contracts of the Joint Applicants with other vendors (e.g., engineering, information technology, maintenance, etc.)? If so, please summarize the changes.

A-062 No substantive changes in existing contracts are anticipated.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 063

Responding Witness: Morgan K. O'Brien

Q-063 Do the Joint Applicants anticipate entering any new contracts as a consequence of the contemplated transaction? If so, will any of the entities with whom the Joint Applicants will enter into said contract(s) be affiliated in any way with the Joint Applicants, or any of their employees, owners, officers, contractors, consultants, or directors?

A-063 No new contracts with any affiliated entities are anticipated. At the time the Joint Applicants determine that an affiliated agreement is prudent, the agreement will be presented to the commission for Approval.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 064

Responding Witness: Morgan K. O'Brien

Q-064 Please provide a copy of any and all materials, including but not limited to transcripts of presentations, recordings or notes of presentations, or other information, regarding any and all financial analyses concerning the transaction.

A-064 All presentations and financial analysis were included in the due diligence materials and the PNG board of directors materials in Exhibits KYOAG-50 and KYOAG-59-P.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 065

Responding Witness: Preston D. Poljak

Q-065 Will the transaction result in any write-ups, write-offs, or a restatement of financial results of Delta, its parent entity, or that of its affiliates? If yes, please explain in detail with all financial ramifications for Delta's ratepayers.

A-065 The transaction will not result in any write-ups, write-offs or restatements of financial results.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 066

Responding Witness: Preston D. Poljak

Q-066 Post-transaction, will Delta, its parent entities, or its affiliates be required to make any filings with the Securities and Exchange Commission? If yes, please identify and explain the filing requirement(s).

A-066 Post-transaction, Delta will not be required to make any filing with the SEC.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 067

Responding Witness: Preston D. Poljak

Q-067 Is Delta currently required to comply with The Sarbanes-Oxley Act of 2002? Will it be required to do so following the closure of the contemplated transaction? Please identify and explain the post-transaction Sarbanes-Oxley- related requirements for Delta (if any), and for its parent entities, and what effect, if any, these requirements will or may have on Delta's ratepayers.

A-067 Delta is currently required to comply with The Sarbanes-Oxley Act of 2002 but will not be required to comply following the closing of the contemplated transaction. These changes will not impact Delta's ratepayers.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 068

Responding Witness: Morgan K. O'Brien

Q-068 Assuming the contemplated transaction receives full approval from all relevant regulatory authorities, will Delta offer any type or sort of retention and / or incentive program for its managers? If so, which of the Joint Applicants will bear any associated costs? Will Delta's ratepayers bear any of those costs, directly or indirectly? Explain in detail along with program and costs.

A-068 At this time, no new plans are contemplated.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 069

Responding Witness: Morgan K. O'Brien

Q-069 What benefits will Delta's customers receive as a result of the contemplated transaction? Explain in detail with specific savings attributable to all projected savings.

A-069 Please refer to the Joint Application at pages 7 through 12, the direct testimony of Morgan K. O'Brien at pages 10 through 17, and the direct testimony of Preston D. Poljak at pages 6 through 10. Also, please refer to the answers to Question Numbers 037, 038 and 039. At this time, PNG has not prepared reports or financial projections that quantify all projected savings from the expected synergies or economies of scale or scope, so PNG is not able at this time to provide an explanation in detail of specific savings.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 070

Responding Witness: Preston D. Poljak

Q-070 Will Delta, and its parent entities commit to not use “pushdown accounting” in any manner arising from the contemplated transaction? If not, why not?

A-070 Yes, pushdown accounting will not be used.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 071

Responding Witness: Preston D. Poljak

Q-071 Will the contemplated transaction allow Delta any opportunity to refinance any current outstanding debt? If so, would this translate to higher costs? If so, please explain how much. If not, why not?

A-071 The transaction does not contemplate any refinancing of outstanding Delta debt.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 072

Responding Witness: Preston D. Poljak

Q-072 Assuming the contemplated transaction receives full approval from all relevant regulatory authorities, what amount of liquid assets will Delta's parent entities hold?

A-072 Post-closing, PNG plans to maintain a \$400M revolving credit facility which will be available to provide liquidity for PNG operations.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 073

Responding Witness: Morgan K. O'Brien

Q-073 Identify with specificity each factor, stated-reason, or rationale of the Joint Applicants offered in support of their argument in the instant matter that the contemplated transaction is consistent with the public interest, within the meaning of KRS Ch. 278 et seq.

A-073 Please refer to the Joint Application at pages 11 through 13, the direct testimony of Morgan K. O'Brien at pages 10 through 12, and the direct testimony of Preston D. Poljak at pages 8 and 9.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 074

Responding Witness: Morgan K. O'Brien

Q-074 Do the Joint Applicants anticipate, project, or otherwise forecast any additional reorganizations, mergers, change of control, or other transactions involving Delta for the thirty-six (36) month period following any potential approval and consummation of this purchase agreement? If yes, then please describe in detail.

A-074 Please refer to the direct testimony of Morgan K. O'Brien at page 8, lines 21 through 23, regarding possible changes in the corporate structure of Delta with respect to Delta's three unregulated wholly-owned subsidiaries. At this time, the Joint Applicants do not anticipate, project or otherwise forecast any other changes in corporate structure or other transactions.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 075

Responding Witness: Morgan K. O'Brien

Q-075 Are the Joint Applicants willing to make a commitment that if they do not hold Delta for at least a ten-year (10) period, then they will pay (to the Commonwealth of Kentucky) an exit fee if they voluntarily enter into a subsequent agreement to sell Delta? If not, then please explain why not.

A-075 The Joint Applicants are not willing to make such a commitment. The Joint Applicants submit that such a commitment is not a proper subject for consideration in this proceeding, as it is not related to the statutory requirements for approval of the proposed change of control; it is not related to the continued provision of service by Delta to its customers; and it could result in a regulatory taking in violation of the Kentucky and United States Constitutions. *See Case No. 2006-00197, The Joint Petition of Kentucky-American Water Company, Thames Water Aqua Holdings GMBH, RWE Aktiengesellschaft, Thames Water Aqua US Holdings, Inc. and American Water Works Company, Inc. for Approval of a Change in Control of Kentucky-American Water Company (Ky. PSC April 16, 2007) at pp. 24-26.*

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 076

Responding Witness: Preston D. Poljak

Q-076 Will Delta and / or its ratepayers, directly or indirectly, incur any additional costs, liabilities, or obligations in conjunction with the proposed transaction in connection with the repayment and refinancing of closing indebtedness?

A-076 No, Delta and / or its ratepayers, will not directly or indirectly incur any additional costs, liabilities, or obligations in conjunction with the proposed transaction in connection with the repayment and refinancing of closing indebtedness.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 077

Responding Witness: Morgan K. O'Brien

Q-077 With regard to any pending or threatened litigation (including any pending or threatened regulatory review or supervision enforcement actions) involving Delta, its parent entities and its affiliates, are the Joint Applicants making any provisions in which they will agree to fund the defense of pending or threatened litigation? If so, please explain in detail. If not, please explain why not.

A-077 No. With regard to any pending or threatened litigation (including any pending or threatened regulatory review or supervision enforcement actions) involving Delta, its parent entities and its affiliates, the Joint Applicants are not making any provisions to fund the defense of pending or threatened litigation due to the fact that there is no pending or threatened litigation that is material to the respective Joint Applicants' financial condition.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 078

Responding Witness: Morgan K. O'Brien

Q-078 Assuming the contemplated transaction is approved, will Delta be exposed to any type of contractual liability or obligations that it otherwise would not have faced but for the approval? If so, please describe in detail.

A-078 No, Delta will not be exposed to any type of contractual liability or obligations that it otherwise would not have faced but for the approval.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 079

Responding Witness: Preston D. Poljak

Q-079 Assuming the contemplated transaction is approved, will Delta be exposed to any increased insurance premiums, whether health insurance, disability, life, etc., that it otherwise would not have faced but for the approval? If so, please describe in detail.

A-079 No, Delta will not be exposed to any increased insurance premiums as a result of the approval of the transaction.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 080

Responding Witness: Preston D. Poljak

Q-080 Assuming the contemplated transaction is approved, will Delta be exposed to any additional contributions to any pension plans, medical plans, etc. for employees that it otherwise would not have faced but for the approval? If so, please describe in detail, together with any applicable employee's or officer's name(s), if known, as well as amount.

A-080 No, Delta will not be exposed to any additional contributions to any pension plans, medical plans, etc. for employees that it otherwise would not have faced but for the approval.

**PNG COMPANIES LLC, DRAKE MERGER SUB INC. AND DELTA
NATURAL GAS COMPANY, INC.**

CASE NO. 2017-00125

**April 19, 2017 Joint Response to the
Attorney General's Initial Data Requests
Dated April 7, 2017**

Question No. 081

Responding Witness: Glenn R. Jennings /Morgan K. O'Brien


Q-081 State whether Joint Applicants ever have or currently do retain the services of lobbyists related in any manner to: (a) any employee of the federal government; and / or (b) any employee of the Commonwealth of Kentucky. If so, identify the lobbyist and employee, and explain in detail whether the retention of these services constituted a conflict of interest or potential conflict under any applicable law, and if so, why. Identify any corrective action either or both of the Joint Applicants believe may be required to remedy any conflict or potential conflict.

A-081 None of the Joint Applicants retain federal or Kentucky lobbyists related to employees of the federal government or the Commonwealth of Kentucky.

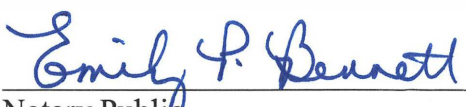
VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF CLARK)

The undersigned, Matthew D. Wesolosky, being duly sworn, deposes and says that he is Vice President-Controller of Delta Natural Gas Company, 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.

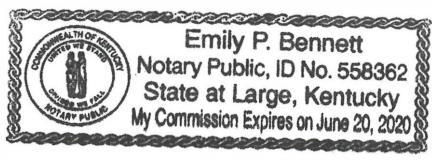

Matthew D. Wesolosky

Subscribed and sworn to before me, a Notary Public, in said County and State this 17th day of April 2017.

 (SEAL)
Notary Public

My Commission Expires:

6/20/2020



VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF CLARK)

The undersigned, Glenn R. Jennings, being duly sworn, deposes and says that he is Chairman of the Board, President and Chief Executive Officer of Delta Natural Gas Company, 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.

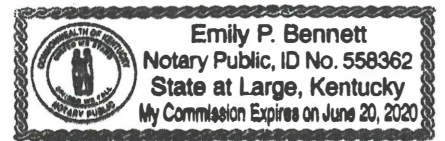
Glenn R. Jennings
Glenn R. Jennings

Subscribed and sworn to before me, a Notary Public, in said County and State this 17th day of April 2017.

Emily P. Bennett (SEAL)
Notary Public

My Commission Expires:

6/20/2020



VERIFICATION

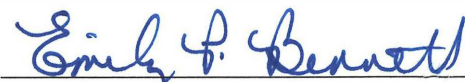
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF CLARK)

The undersigned, John B Brown, being duly sworn, deposes and says that he is Chief Operating Officer, Treasurer and Secretary of Delta Natural Gas Company, 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.



John B. Brown

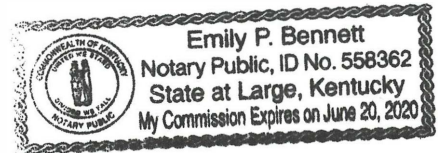
Subscribed and sworn to before me, a Notary Public, in said County and State this 17th day of April 2017.



Notary Public (SEAL)

My Commission Expires:

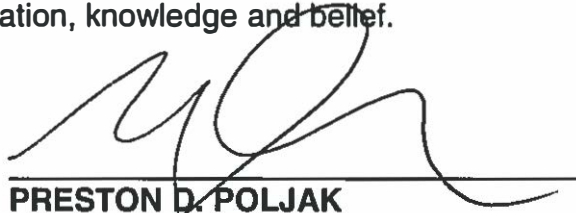
6/20/20



VERIFICATION

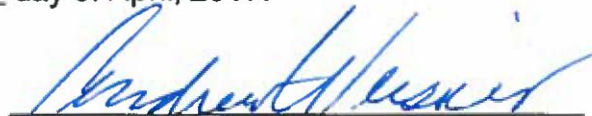
COMMONWEALTH OF PENNSYLVANIA)
) **SS:**
COUNTY OF ALLEGHENY)

PRESTON D. POLJAK, being duly sworn, deposes and says that he is the Senior Vice President and Chief Financial Officer of PNG Companies LLC ("PNG"); that he has read the foregoing responses for which he is identified as the witness and knows the matters contained therein relating to PNG and its affiliates; and that said matters are true and correct to the best of his information, knowledge and belief.

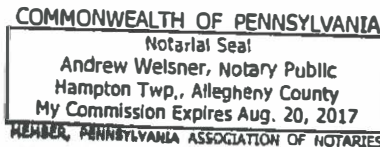


PRESTON D. POLJAK

Subscribed and sworn to before me, a Notary Public in and for the above County and State, on this 19th day of April, 2017.



Notary Public



My Commission Expires:
8/20/17

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY) **SS:**

MORGAN K. O'BRIEN, being duly sworn, deposes and says that he is the President and Chief Executive Officer of PNG Companies LLC ("PNG") and a Vice President of Drake Merger Sub Inc.; that he has read the foregoing responses for which he is identified as the witness and knows the matters contained therein relating to PNG and Drake and their affiliates; and that said matters are true and correct to the best of his information, knowledge and belief.

Morgan K. O'Brien

MORGAN K. O'BRIEN

Subscribed and sworn to before me, a Notary Public in and for the above County and State, on this 19th day of April, 2017.

Andrew Weisner

Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Andrew Weisner, Notary Public
Hampton Twp., Allegheny County
My Commission Expires Aug. 20, 2017
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

My Commission Expires:
8/20/17