

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

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

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**MOTION FOR LEAVE TO FILE AMENDED JOINT APPLICATION**

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PNG Companies LLC (“PNG”), Drake Merger Sub Inc. (“Drake”) and Delta Natural Gas Company, Inc. (“Delta”) (collectively, the “Joint Applicants”), pursuant to 807 KAR 5:001, Section 4(5), respectfully request leave to file an Amended Joint Application to include SteelRiver Infrastructure Fund North America LP (“SRIFNA”) and SteelRiver LDC Investments LP (“SRLDCI”) as additional parties to this proceeding and to request approval for SRIFNA and SRLDCI, as the ultimate parent entities of PNG, to acquire indirect control of PNG. The Joint Applicants also respectfully request leave to file written testimony on behalf of SRIFNA and SRLDCI in support of the Amended Joint Application.

The Joint Applicants respectfully submit that good cause exists for such amendment because the Joint Applicants did not initially believe that SRIFNA and SRLDCI were necessary parties to this proceeding based upon the absence of any

control by SRIFNA and SRLDCI over the day-to-day business operations of PNG and PNG's affiliates, as set forth in the responses of the Joint Applicants to the initial requests for information of the Commission's Staff and the Attorney General in this proceeding. However, several questions in the second request for information submitted to the Joint Applicants by the Commission's Staff in this proceeding have caused the Joint Applicants to re-evaluate their conclusions and, having done so, it appears that SRIFNA and SRLDCI are acquiring indirect control of Delta as that term is defined in KRS 278.020(7). Therefore, the Joint Applicants wish to add SRIFNA and SRLDCI as additional Applicants; to request approval for SRIFNA and SRLDCI, as the ultimate parent entities of PNG, to acquire indirect control of Delta; and to provide written testimony of a witness on behalf of SRIFNA and SRLDCI.

The Joint Applicants respectfully submit that the addition of SRIFNA and SRLDCI as additional parties to this proceeding need not delay the Public Hearing date of June 8, 2017 as previously set by the Commission. The Joint Applicants respectfully submit that the only change to the current procedural schedule set by the Commission in its Order of March 30, 2017 that might be necessary would be to provide an opportunity for the Commission's Staff and the Attorney General to submit requests for information to SRIFNA and SRLDCI, if any are deemed necessary after their review of the written testimony of SRIFNA and SRLDCI. SRIFNA and SRLDCI are willing to respond to such information requests, if any, within an expedited time frame.

Counsel for the Joint Applicants have spoken with counsel of record for the Attorney General, who has advised counsel for the Joint Applicants that the Attorney

General has no objection to the Joint Applicants' request for leave to add SRIFNA and SRLDCI as additional parties to this proceedings.

A copy of the proposed Amended Joint Application and a copy of the proposed written testimony of John McGuire on behalf of SRIFNA and SRLDCI are submitted to the Commission as Exhibit A to this motion.

Dated: May 5, 2017

Respectfully submitted,



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*Counsel for Delta Natural Gas  
Company, Inc.*

**CERTIFICATE OF COMPLIANCE**

In accordance with 807 KAR 5:001, Section 8(7), the undersigned counsel hereby certifies that this electronic filing of this Amended Joint Application is a true and accurate copy of the same materials being filed in paper medium; that this electronic filing has been transmitted to the Commission on May 5, 2017; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original and six copies in paper medium will be delivered to the Commission within two business days.

*Francis J. Theisen Jr*

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Counsel for PNG Companies LLC and Drake  
Merger Sub Inc.

# EXHIBIT A

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>THE JOINT APPLICATION OF PNG</b>	)	
<b>COMPANIES LLC, DRAKE</b>	)	
<b>MERGER SUB INC., STEELRIVER</b>	)	<b>CASE NO. 2017-00125</b>
<b>INFRASTRUCTURE FUND NORTH</b>	)	
<b>AMERICA LP, STEELRIVER LDC</b>	)	
<b>INVESTMENTS LP AND DELTA</b>	)	
<b>NATURAL GAS COMPANY, INC.</b>	)	
<b>FOR APPROVAL OF AN</b>	)	
<b>ACQUISITION OF OWNERSHIP</b>	)	
<b>AND CONTROL OF DELTA</b>	)	
<b>NATURAL GAS COMPANY, INC.</b>	)	
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**AMENDED JOINT APPLICATION**

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PNG Companies LLC (“PNG”), Drake Merger Sub Inc. (“Drake”), SteelRiver Infrastructure Fund North America LP (“SRIFNA”), SteelRiver LDC Investments LP (“SRLDCI”) and Delta Natural Gas Company, Inc. (“Delta”) (collectively, the “Applicants”) jointly file this Amended Joint Application (“Application”) for approval by the Kentucky Public Service Commission (the “Commission”) under KRS 278.020(6) and (7) of the acquisition, directly by PNG and indirectly by SRIFNA and SRLDCI, of ownership and control of Delta.

**I. The Joint Application.**

On March 16, 2017, PNG, Drake and Delta filed a Joint Application requesting the Commission’s approval of the acquisition by PNG of ownership

and control of Delta (the “Proposed Transaction”). The terms of the Proposed Transaction are memorialized in the Agreement and Plan of Merger by and among PNG, Delta, and Drake dated February 20, 2017 (the “APM”). As set forth in the Joint Application, the acquisition of ownership and control of Delta will result from the merger of Drake, a wholly-owned subsidiary of PNG, with and into Delta, which will be the surviving corporation in the merger and will become a wholly-owned subsidiary of PNG.

The Joint Application set forth the reasons why the proposed acquisition of Delta by PNG satisfies the requirements of KRS 278.020(6) and (7). The Joint Application was supported by the written testimony of Morgan K. O’Brien, Preston D. Poljak, and Glenn R. Jennings, attached as collective Exhibit E to the Joint Application. In an effort to avoid duplicative and burdensome filings with the Commission, the Applicants respectfully incorporate herein by this reference the Joint Application and all exhibits thereto, including the written testimony of Messrs. O’Brien, Poljak, and Jennings.<sup>1</sup>

## **II. Additional Applicants.**

**SteelRiver Infrastructure Fund North America LP (“SRIFNA”).** The full name and mailing address of SRIFNA are SteelRiver Infrastructure Fund North America LP, 500 Fifth Avenue, 55th Floor, New York, NY 10010. SRIFNA’s electronic mail address is john.mcguire@steelriverpartners.com (the Chief Legal Officer of SRIFNA and SRLDCI). SRIFNA is a Delaware limited partnership formed

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<sup>1</sup> This Amended Joint Application is verified by John McGuire of SRIFNA and SRLDCI, but the verifications of Messrs. O’Brien, Poljak and Jennings attached to the original Joint Application as collective Exhibit E are not being repeated as none of the statements relating to PNG, Drake and Delta in the original Joint Application have been amended, altered or revised in this Amended Joint Application.

on December 12, 2006. SRIFNA is currently in good standing under the laws of Delaware and is not authorized to transact business in Kentucky.

**SteelRiver LDC Investments LP (“SRLDCI”).** The full name and mailing address of SRLDCI are SteelRiver LDC Investments LP, 500 Fifth Avenue, 55<sup>th</sup> Floor, New York, NY 10010. SRLDCI's electronic mailing address is john.mcguire@steelriverpartners.com (the Chief Legal Officer of SRIFNA and SRLDCI). SRLDCI is a Delaware limited partnership formed on December 5, 2012. SRLDCI is currently in good standing under the laws of Delaware and is not authorized to transact business in Kentucky.

### **III. Additional Applicants' Relationship with PNG.**

SRIFNA is an investment fund focused on infrastructure assets. SRLDCI is an investment fund focused on local gas distribution assets. SRIFNA and SRLDCI own 100% of SteelRiver LDC Ventures LLC, which indirectly owns and controls 100% of PNG through certain holding companies (which have no employees or operations) as reflected in the organizational chart previously filed in this proceeding by PNG, Drake and Delta in response to Question No. 009 in the Commission Staff's Initial Requests for Information to the Joint Applicants. Accordingly, SRIFNA and SRLDCI are the ultimate parent entities of PNG.

PNG has a management team that oversees and manages the day-to-day business of the operating companies and reports to the Board of Directors of PNG. PNG's Board of Directors consists of representatives of the investment management affiliates of SRIFNA and SRLDCI, independent directors, and the CEO of PNG. This is the Board that approved the Delta acquisition.



The investment management affiliates of SRIFNA and SRLDCI (collectively, “SteelRiver”) manage infrastructure investments throughout North America in funds with total committed capital of \$2.2 Billion. SteelRiver has a dedicated investment and asset management team that embraces core values of professionalism, low staff turnover, and strong risk management. SteelRiver invests in other premier infrastructure assets in the United States, in addition to the Peoples utilities, including (i) Diversified Port Holdings (formerly ICS Holdings), a leading operator of break bulk sea ports in Florida, Louisiana, Georgia, and Alabama; (ii) Trans Bay Cable LLC, a 400 megawatt high-voltage direct current electric submarine cable connecting generating facilities in the East Bay to the City of San Francisco, which supplies 40% of the electricity needs of San Francisco at peak periods and is regulated by the Federal Energy Regulatory Commission (“FERC”) and the California Public Utility Commission (“CaPUC”); and (iii) Patriot Rail Corp. a leading operator of short line and regional freight railroads in the United States, which includes 13 railroads with over 500 total rail miles traversing 13 states and is regulated by the Federal Railroad Administration.

All of the operations of the operating companies that constitute the Peoples utilities are managed at the PNG level, by management that reports to the Board of Directors of PNG. PNG has the management team that will oversee the day-to-day business of the operating companies going forward, including Delta, should the Proposed Transaction be approved by the Commission. No entity above the PNG level on the organizational chart described above has any employees.

John McGuire of SRIFNA and SRLDCI previously submitted written testimony attached to the Motion for Leave to File Amended Joint Application. The testimony of Mr. McGuire is incorporated herein as part of collective Exhibit E.

**WHEREFORE**, the Joint Applicants respectfully request that the Commission enter a final order as follows:

Finding that, after the acquisition of Delta under the APM, directly by PNG and indirectly by SRIFNA and SRLDCI, PNG, and SRIFNA and SRLDCI as the ultimate parent entities of PNG, will have the financial, technical, and managerial abilities to cause Delta to continue to provide reasonable service to Delta's Kentucky customers, and that the acquisition of Delta will be in accordance with the law, for a proper purpose and consistent with the public interest; and

Approving, under KRS 278.020(6) and (7), the acquisition of control of Delta, directly by PNG and indirectly by SRIFNA and SRLDCI, through the Proposed Transaction.

Dated: May 5, 2017

Respectfully submitted,



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*Counsel for PNG Companies LLC;  
Drake Merger Sub Inc.; SteelRiver  
Infrastructure Fund North America LP;  
and SteelRiver LDC Investments LP*

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*Counsel for Delta Natural Gas  
Company, Inc.*

## EXHIBITS

EXHIBIT E                      Written Testimony of John McGuire

**CERTIFICATE OF COMPLIANCE**

In accordance with 807 KAR 5:001, Section 8(7), the undersigned counsel hereby certifies that this electronic filing of this Amended Joint Application is a true and accurate copy of the same materials being filed in paper medium; that this electronic filing has been transmitted to the Commission on May 5, 2017; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original and six copies in paper medium will be delivered to the Commission within two business days.

*Erann J. Miller Jr*


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Counsel for PNG Companies LLC; Drake Merger  
Sub Inc.; SteelRiver Infrastructure Fund North  
America LP; and SteelRiver LDC Investments LP


VERIFICATION

STATE OF NEW YORK )  
 ) SS:  
COUNTY OF NEW YORK )

John McGuire, being duly sworn, deposes and says that he is Chief Legal Officer of SteelRiver Infrastructure Fund North America LP ("SRIFNA") and SteelRiver LDC Investments LP ("SRLDCI"); that he has read the foregoing Amended Joint Application and knows the matters contained therein relating to SRIFNA and SRLDCI and their affiliates; and that said matters are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
John McGuire

Subscribed and sworn to before me, a Notary Public in and for the above County and State, on this 5 day of May, 2017.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

11/19/2020

CRYSTAL ANN GRACIANI  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01GR6272461  
Qualified in Kings County  
My Commission Expires 11-19-2020



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**THE JOINT APPLICATION OF PNG )  
COMPANIES LLC, DRAKE )  
MERGER SUB INC., STEELRIVER )  
INFRASTRUCTURE FUND NORTH )  
AMERICA LP, STEELRIVER LDC )  
INVESTMENTS LP AND DELTA )  
NATURAL GAS COMPANY, INC. )  
FOR APPROVAL OF AN )  
ACQUISITION OF OWNERSHIP )  
AND CONTROL OF DELTA )  
NATURAL GAS COMPANY, INC. )**

**CASE NO. 2017-00125**

**DIRECT TESTIMONY OF  
JOHN MCGUIRE  
ON BEHALF OF  
STEELRIVER INFRASTRUCTURE FUND NORTH AMERICA LP AND  
STEELRIVER LDC INVESTMENTS LP**

**MAY 5, 2017**

**Q. Please state your name and business address.**

A. My name is John McGuire. My business address is 500 Fifth Avenue, 55<sup>th</sup> Floor, New York, NY 10010.

**Q. By whom are you employed and in what capacity?**

A. I am the Chief Legal Officer of SteelRiver Infrastructure Fund North America LP ("SRIFNA") and SteelRiver LDC Investments LP ("SRLDCI", together with SRIFNA, the "Funds"), and I am employed by the Funds' investment management affiliates (collectively, "SteelRiver").

**Q. What are your duties and responsibilities?**

A. As Chief Legal Officer of the Funds, I am responsible for legal, regulatory and related matters involving the Funds and their portfolio companies. Additionally I am a member of the board of directors of PNG Companies LLC ("PNG"). I also participate in management of the internal operations of SteelRiver and its managed funds.

**Q. Please state your educational background and employment experience.**

A. I hold a Bachelor of Arts from Tufts University and a J.D. degree from New York University School of Law. I have been employed at SteelRiver since its inception, having joined from its predecessor company Babcock & Brown. In these roles I have focused in particular on utility and other infrastructure acquisitions and asset management, as well as legal, regulatory and related matters. Prior to these positions, I was an attorney at Cleary Gottlieb Steen & Hamilton LLP, focusing on corporate matters in New York and London; clerked for Judge Alex Kozinski of the U.S. Court of Appeals for the Ninth Circuit; and

was a Research Associate focusing on infrastructure and economics at Harvard Business School.

**Q. Can you please describe the relationship between SRIFNA, SRLDCI, and PNG?**

A. Yes. SRIFNA is an investment fund focused on infrastructure assets. SRLDCI is an investment fund focused on local gas distribution assets. The Funds own 100% of SteelRiver LDC Ventures LLC, which indirectly owns and controls 100% of PNG through certain holding companies (which have no employees or operations) as reflected in the organizational chart previously filed in this proceeding by PNG, Drake Merger Sub Inc. and Delta Natural Gas Company, Inc. ("Delta") in response to Question No. 009 in the Commission Staff's Initial Requests for Information to the Joint Applicants. Accordingly, the Funds are the ultimate parent entities of PNG.

PNG has a management team that oversees and manages the day-to-day business of the operating companies and reports to the Board of Directors of PNG. PNG's Board of Directors consists of SteelRiver representatives, independent directors, and the CEO of PNG. This is the Board that approved the Delta acquisition.

**Q. Please describe the structure, operations, and investment philosophy of SteelRiver and the Funds.**

A. SteelRiver manages infrastructure investments throughout North America in funds with total committed capital of \$2.2 Billion. SteelRiver has a dedicated investment and asset management team that embraces core values of



professionalism, low staff turnover, and strong risk management. SteelRiver invests in other premier infrastructure assets in the United States, in addition to the Peoples utilities, including (i) Diversified Port Holdings (formerly ICS Holdings), a leading operator of break bulk sea ports in Florida, Louisiana, Georgia, and Alabama; (ii) Trans Bay Cable LLC, a 400 megawatt high-voltage direct current electric submarine cable connecting generating facilities in the East Bay to the City of San Francisco, which supplies 40% of the electricity needs of San Francisco at peak periods and is regulated by the Federal Energy Regulatory Commission ("FERC") and the California Public Utility Commission ("CaPUC"); and (iii) Patriot Rail Corp. a leading operator of short line and regional freight railroads in the United States, which includes 13 railroads with over 500 total rail miles traversing 13 states and is regulated by the Federal Railroad Administration.

The Funds are investment funds focused on infrastructure and local gas distribution company assets. The Funds invest for the long term in infrastructure businesses that provide essential services. Investors in the Funds include public employee and other pension plans and insurance companies located throughout North America and Europe. The investors in the Funds have a conservative approach to investment. Pension funds and insurance companies, by their nature, have very long-term obligations and, to meet these obligations, they seek a stable, steady and fair return on infrastructure investments to be held for a significant period of time. For this reason, the investment philosophy and strategy of the Funds is to seek a stable, steady, and

fair return on investments to be held for a significant period of time, not to generate short-term gains for the investors.

**Q. Would the Funds control the day-to-day management of Delta if the Proposed Transaction is approved?**

A. No. All of the operations of the operating companies that constitute the Peoples utilities are managed at the PNG level, by management that reports to the Board of Directors of PNG. PNG has the management team that will oversee the day-to-day business of the operating companies going forward, including Delta, should the Proposed Transaction be approved by the Commission. No entity above the PNG level on the organizational chart described above has any employees.

**Q. How does SteelRiver ring-fence an investment to protect that investment from SteelRiver's other investments?**

A. SteelRiver and the Funds place portfolio investments in chains of ownership separated by line of business so that any potential financial issues relating to one line of business will not impact the financial viability of another. Each line of business is operated as a separate and distinct enterprise.

This ring-fencing along each of its lines of business would apply to Delta, if the Proposed Transaction is approved, in that Delta will be within the local gas distribution company platform with the other PNG operating utilities. This ensures separation of this line of business from risks and obligations arising from the other lines of business of SteelRiver and the Funds, and will protect Delta

and PNG if any of SteelRiver or the Funds' other lines of business become subject to adverse economic circumstances.

Consistent with this approach to ring-fencing, neither SteelRiver nor the Funds make any guarantees or commitments in respect of operations of individual portfolio companies or business lines. However, the Funds, through PNG, are willing to make necessary and appropriate investment in the facilities of Delta to enable PNG to perform its commitments, with the understanding that under the "regulatory compact," they will be permitted to recover a fair rate of return of and on their investment in such facilities in a timely manner.

**Q. Will the costs associated with the Proposed Transaction have the effect of increasing Delta's rates for gas service?**

A. No. The costs associated with the Proposed Transaction will not have the effect of increasing Delta's rates for gas service.

**Q. Will Delta or its ratepayers, either directly or indirectly, incur any additional costs, liabilities, or obligations in conjunction with the acquisition of Delta by PNG?**

A. No. Neither Delta nor its ratepayers, directly or indirectly, will incur any additional costs, liabilities, or obligations in conjunction with the acquisition of Delta by PNG.

**Q. Will Delta incur any additional indebtedness or pledge any assets to finance any part of the purchase price paid by PNG for Delta stock at closing?**

A. No. Delta will not incur any additional indebtedness or pledge any assets to finance any part of the purchase price paid by PNG for Delta stock at closing.

**Q. Will Delta guarantee the credit of PNG or any of PNG's current affiliates?**

A. No. Delta will not guarantee the credit of PNG or any of PNG's current affiliates if the Proposed Transaction is approved.

**Q. Will Delta pledge any of its assets to finance the debt of or any purchases of PNG or any of PNG's current affiliates without first seeking and obtaining Commission approval?**

A. No. Delta will not pledge any of its assets to finance the debt of or any purchases of PNG or of any current PNG affiliate without first seeking and obtaining the approval of the Commission.

**Q. Have you had an opportunity to review the written testimony previously submitted in this proceeding by Morgan K. O'Brien and Preston D. Poljak?**

A. Yes, I have.

**Q. Does SteelRiver agree with the commitments provided to the Commission by Mr. O'Brien and Mr. Poljak?**

A. Yes, SteelRiver is in agreement with the commitments provided to the Commission by Mr. O'Brien and Mr. Poljak in their written testimony in this proceeding.

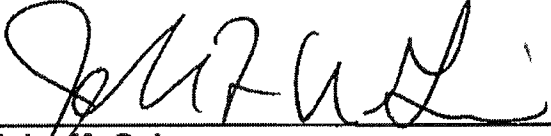
**Q. Does this conclude your direct testimony?**

A. Yes, it does.

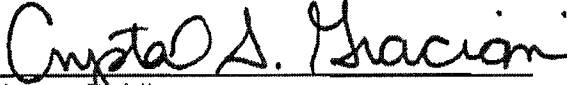
VERIFICATION

STATE OF NEW YORK )  
 ) SS:  
COUNTY OF NEW YORK )

John McGuire, being duly sworn, deposes and says that he is Chief Legal Officer of SteelRiver Infrastructure Fund North America LP ("SRIFNA") and SteelRiver LDC Investments LP ("SRLDCI"); that he has read the foregoing testimony and knows the matters contained therein relating to SRIFNA and SRLDCI and their affiliates; and that said matters are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
John McGuire

Subscribed and sworn to before me, a Notary Public in and for the above County and State, on this 5 day of May, 2017.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

11/19/2020

CRYSTAL ANN GRACIANI  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01GR8272461  
Qualified in Kings County  
My Commission Expires 11-19-2020