



STEELRIVER
INFRASTRUCTURE PARTNERS

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August 7, 2017

VIA ELECTRONIC FILING

Mr. John S. Lyons
Acting Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

In the Matter of: The Joint Application of PNG Companies LLC, Drake Merger Sub Inc. 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

Dear Mr. Lyons,

This letter is sent on behalf of SteelRiver Infrastructure Fund North America LP and SteelRiver LDC Investments LP (together, the “Funds”) in response to the Commission’s Order dated August 3, 2017 in the above-referenced proceeding (the “Order”).

First, the Funds apologize to the Commission for the fact that the statements made on behalf of the Funds by PNG’s Chief Executive Officer Morgan K. O’Brien in his letter to the Commission dated July 17, 2017 have made it necessary for the Commission to seek clarification from the Funds.

Second, the Funds wish to clarify the statement that Mr. O’Brien made in his letter regarding the Funds’ understanding that they will be permitted to receive a fair rate of return of and on their investment in Delta’s facilities under the “regulatory compact” in a timely manner. That statement was in no way intended by Mr. O’Brien or the Funds to suggest that the Commission does not have full and unfettered discretion to determine what constitutes fair, just and reasonable rates and to determine the timeliness of return on investment. The Funds understand and fully agree that the Commission can grant only the opportunity to earn a fair rate of return, and that the timeliness of the return on investment is to be determined solely by the Commission on the basis of all relevant factors.

Third, the Funds wish to clarify the statement that Mr. O'Brien made in his letter regarding their position with respect to their acceptance of and agreement to be bound by the commitments specifically enumerated in the Appendix attached to the Commission's Order dated July 13, 2017 in the above-referenced proceeding. That statement was in no way intended by Mr. O'Brien or the Funds to suggest that the Funds reject or disagree with any of the commitments. To the contrary, the Funds acknowledge, accept and agree with all of the commitments. Because the commitments by their nature are commitments that must necessarily be implemented and performed by PNG and Delta at the operating level rather than by the Funds in their capacity as investors in and indirect shareholders of PNG and Delta, the Funds intended for Mr. O'Brien's statement to reflect the fact that the Funds are not in a position to directly implement or perform any of the commitments. However, the Funds will not take any actions that will impair the implementation and performance of the commitments by PNG and Delta.

The Funds, by and through their Chief Legal Officer, and acting in their capacity as the investors in and indirect shareholders of PNG and Delta, hereby accept and agree that the operations of Delta are bound by and committed to comply with all of the commitments as specifically enumerated in the Appendix attached to the Commission's Order dated July 13, 2017 in the above-referenced proceeding. We apologize again for any misunderstanding or contrary impression created by the prior letter.

Very truly yours,

A handwritten signature in black ink, appearing to read "John McGuire", with a stylized flourish at the end.

John McGuire
Chief Legal Officer