

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.)

ATTORNEY GENERAL’S SUPPLEMENTAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Supplemental Data Requests to PNG Companies LLC, Drake Merger Sub. Inc., and Delta Natural Gas Co., Inc. [hereinafter “Joint Applicants”] to be answered by the date specified in the Commission’s Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Joint Applicants with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information

within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports;

memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which

they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,

ANDY BESHEAR
ATTORNEY GENERAL



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Certificate of Service and Filing

Counsel certifies that: (a) the foregoing is a true and accurate copy of the same document being filed in paper medium; (b) pursuant to 807 KAR 5:001 § 8(7)(c), there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and (c) the original and six (6) copies in paper medium are being filed with the Commission within two business days of the date certified below.

this 26th day of April, 2017



Assistant Attorney General

Electronic 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
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1. Reference the response to AG 1-50, the due diligence report attachment, beginning at p. 61 of 126.
 - a. Discuss whether Joint Applicants intend to continue the insurance coverages therein identified.
 - b. Provide details regarding any additional policies Joint Applicants either are intending, or are contemplating procuring.
 - c. Provide a confidential copy of the redacted pages in this 126-page document.
2. Reference the response to AG 1-54. The response stated, in part, "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."
 - a. Will any future issuance of debt by Delta be related in any way to any debt PNG will or may incur to fund the transaction which is the subject of the instant docket?
3. Reference the response to PSC 1-17, attachment KYPSC-17-1, Moody's Investors Service Credit Opinion, p. 2 of 5, the discussion regarding ring-fencing.
 - a. Discuss the types of ring-fencing Joint Applicants have put in place regarding Delta.
 - b. If the response to subpart a., above, is "none," state whether Joint Applicants would agree to the following:
 - (i) ring-fencing of Delta from all other Steel-River owned companies and LLCs;
 - (ii) limiting Delta's dividend payable to PNG to a level that maintains a maximum debt to capitalization ratio at the utility, excluding working capital borrowing, of 55%;
 - (iii) provisions prohibiting Delta from:
 1. guaranteeing debt or credit facilities of any PNG affiliate;
 2. mortgaging utility assets on behalf of an affiliate; and
 3. loaning funds or otherwise extending credit to any affiliate.
4. Reference the response to AG 1-27, wherein the Joint Applicants note that shares may be issued through the Dividend Reinvestment Plan (DRIP).
 - a. Explain in complete detail how any shares issued through the DRIP prior to the completion of the proposed transaction will be treated.

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5. Reference the response to AG 1-25.

- a. How are the listed entities taxed for state tax purposes?

6. Reference the response to AG 1-23.

- a. Confirm that if an employee is terminated without cause before the end of the "no impact period," the severance paid to the employee, as laid out in the response, would be paid for by Delta ratepayers.

7. Reference the response to AG 1-20.

- a. Explain in complete detail the experience the Joint Applicants, except Delta, have in replacing Alydyl-A pipe.

8. Reference the response to PSC 1-20.

- a. Provide the amount of "Goodwill" PNG Companies LLC will include in its accounting entry illustrated in this response. If this amount is provided elsewhere in the record, provide the location in the record where it can be found.