

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF)	
AQUA AMERICA, INC.,)	
STEELRIVER INFRASTRUCTURE)	CASE NO. 2018-00369
FUND NORTH AMERICA LP,)	
STEELRIVER LDC INVESTMENTS)	
LP, LDC PARENT LLC, LDC)	
FUNDING LLC, LDC HOLDINGS)	
LLC, PNG COMPANIES LLC,)	
PEOPLES GAS KY LLC, AND)	
DELTA NATURAL GAS COMPANY,)	
INC. FOR APPROVAL OF AN)	
ACQUISITION OF OWNERSHIP)	
AND CONTROL OF PNG)	
COMPANIES LLC AND DELTA)	
NATURAL GAS COMPANY, INC.)	

**JOINT RESPONSE OF AQUA AMERICA, INC., STEELRIVER INFRASTRUCTURE
FUND NORTH AMERICA LP, STEELRIVER LDC INVESTMENTS LP, LDC PARENT
LLC, LDC FUNDING LLC, LDC HOLDINGS LLC, PNG COMPANIES LLC, PEOPLES
GAS KY LLC, AND DELTA NATURAL GAS COMPANY, INC. FOR APPROVAL OF
AN ACQUISITION OF OWNERSHIP AND CONTROL OF PNG COMPANIES LLC
AND DELTA NATURAL GAS COMPANY, INC.
TO COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION
DATED FEBRUARY 14, 2019**

FILED: February 25, 2019

AQUA AMERICA, INC., STEELRIVER INFRASTRUCTURE FUND NORTH AMERICA LP, STEELRIVER LDC INVESTMENTS LP, LDC PARENT LLC, LDC FUNDING LLC, LDC HOLDINGS LLC, PNG COMPANIES LLC, PEOPLES GAS KY LLC, AND DELTA NATURAL GAS COMPANY, INC. FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF PNG COMPANIES LLC AND DELTA NATURAL GAS COMPANY, INC.

CASE NO. 2018-00369

**Joint Response to Commission Staff's Post-Hearing Request for Information
Dated February 14, 2019**

Question No. 1

Responding Witness: Christopher H. Franklin / Morgan O'Brien / John B. Brown

Q-1. Refer to the commitments attached as an appendix to this request for information. For each commitment, explain whether Aqua, PNG, or Delta will honor the commitment and, if not, why they should be excused from honoring the said commitment.

A-1. Aqua, PNG, and Delta will honor each of the commitments set forth in the appendix to the request for information, but offer the following clarifications to certain of the commitments. Unless the commitment is listed below, Aqua, PNG, and Delta have no clarifications and will honor the commitment as written in the appendix.

1. Aqua America commits to maintain Delta's headquarters in Winchester, Kentucky, following the closing of the acquisition.

Please see the clarification to item 27 below.

5. Aqua America commits to honor the existing employment agreement between PNG and John Brown.

The employment agreement is between Delta and Mr. Brown. Aqua America commits to honor the existing employment agreement between Delta and Mr. Brown.

18. Aqua America, PNG, and Delta commit that Delta will not be exposed to any increased insurance premiums if the transaction is approved.

Given that market conditions influence insurance premiums, Aqua America, PNG, and Delta commit that Delta will not be exposed to any increased insurance premiums if the transaction is approved *that it otherwise would not have faced but for the approval.*

19. Aqua America, PNG, and Delta commit that Delta will not be exposed to any additional contributions to any pension or medical plans, etc. for employees it otherwise would not have faced but for the approval.

Aqua America commits that any future service company charges which may include pension or medical plan costs will be included in appropriate affiliated interest agreements and will be submitted for review and approval to the Commission.

24. Aqua America, PNG, and Delta commit that 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.

Aqua America, PNG, and Delta commit that Delta will not incur any additional indebtedness or pledge any assets to finance any part of the purchase price paid by Aqua for PNG and Delta stock. PNG is not purchasing additional Delta stock as part of this transaction.

25. Aqua America, PNG, and Delta commit that Delta will seek Commission approval pursuant to KRS 278.300 if Delta issues any securities or evidences of indebtedness with PNG.

Aqua America, PNG, and Delta commit that Delta will seek Commission approval pursuant to KRS 278.300 if Delta issues any securities or evidences of indebtedness with PNG or Aqua that are subject to the requirements of the statute.

27. Aqua America, PNG, and Delta commit that they will maintain Delta's corporate office within Delta's service territory.

Aqua America, PNG, and Delta commit that they will maintain Delta's corporate office within one of the counties in Delta's service territory. Delta's current corporate office is in a location served by a different local distribution company, but Delta provides service within Clark County.

33. Aqua America, PNG, and Delta commit that only shareholder funds will be used in providing grants or donations for economic development.

Aqua America, PNG, and Delta commit that only shareholder funds will be used in providing grants or donations for economic development, but seek to clarify that this commitment does not affect Delta's line extension policies and practices.

39. Aqua America, PNG, and Delta commit that 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.

Aqua America, PNG, and Delta commit that Delta will not incur any additional indebtedness or pledge any assets to finance any part of the purchase price paid by

Aqua for PNG and Delta stock. PNG is not purchasing additional Delta stock as part of this transaction.

