

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 THE ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION
DATED DECEMBER 7, 2018**

FILED: December 17, 2018

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 the Attorney General's First Request for Information
Dated 7, 2018**

Question No. 1

Responding Witness: Christopher H. Franklin

- Q-1. Does Aqua understand that the counties comprising Delta's service territory have some of the highest poverty levels in Kentucky?
- A-1. Yes, Aqua America understands that the counties comprising Delta's service territory have some of the highest poverty levels in Kentucky.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 2

Responding Witness: Christopher H. Franklin / John B. Brown

- Q-2. In the event the Commission approves the proposed transaction which is the subject of the instant case ("Proposed Transaction"), discuss what steps the Joint Applicants are prepared to take to insure that Delta's rates remain affordable.
- A-2. Delta already has a strong track record of working with low-income advocacy agencies that administer LIHEAP programs in Delta's service territory. After the closing, these efforts will be evaluated and expanded where practical and feasible. This will include involvement with community action centers and low-income advocacy support groups.

As a point of clarification, for each of the questions that refers to the commitments and post-Proposed Transaction actions of the Joint Applicants, please note that SteelRiver Infrastructure Fund North America LP, SteelRiver LDC Investments LP, and LDC Parent LLC will have divested PNG, Delta, and Peoples Gas KY and therefore make no commitments or representations regarding the future operations of PNG, Delta and Peoples Gas KY.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 3

Responding Witness: Christopher H. Franklin

Q-3. Discuss the measures Aqua has employed to insure that the rates of its utility affiliates remain affordable.

- a. Do Aqua's utility affiliates consider customer affordability in their operations? If so, how?
- b. Do Aqua's utility affiliates consider the interest of low- and fixed-income customers to be unique, in that they perceive the costs and service of utilities, in particular their affordability, differently than other customers?
- c. Discuss all programs and initiatives Aqua's utility affiliates employ to assist low-income customers in paying their bills.

A-3.

- a. Aqua America is a regulated water and wastewater utility; accordingly, its infrastructure replacement is largely driven by compliance requirements. However, Aqua does consider the rate impact of its infrastructure spending on its customers and attempts to minimize that impact while still meeting regulatory compliance requirements and maintaining a high level of service.
- b. Aqua America's utility affiliates do understand that low- and fixed-income customers may perceive the costs and services of utilities differently than other customers. For this reason, Aqua America's utility affiliates offer assistance programs as set forth in the response to Question A-3.c.

- c. Aqua America's largest subsidiary, Aqua Pennsylvania, has operated a Helping Hand Program since 1994. The Helping Hand Program is a voluntary program designed to assist low-income customers make manageable monthly payments on their water account. Customers who make timely payments through Helping Hand receive a monthly credit to their accounts. The program also helps customers use less water by providing water conservation kits. In addition, two other Aqua America subsidiaries, Aqua Illinois and Aqua Ohio, also have customer assistance programs designed to assist low-income customers.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 4

Responding Witness: Christopher H. Franklin / John B. Brown

- Q-4. Do the Joint Applicants commit to working with low-income advocacy agencies that administer LIHEAP programs in Delta's service territory?
- a. Discuss the measures, if any, Aqua and the other Joint Applicants will seek to expand their relationships with such low-income advocacy agencies.
- A-4. Yes. Delta already has a strong track record of working with low-income advocacy agencies that administer LIHEAP programs in Delta's service territory. After the closing, these efforts will be evaluated and expanded where practical and feasible. This will include involvement with community action centers and low-income advocacy support groups.

**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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 5

Responding Witness: John B. Brown

- Q-5. Following the conclusion of Case No. 2017-00125, Delta transferred control of its three unregulated subsidiaries (Delta Resources, Inc.; Delgasco, Inc.; and Enpro, Inc.) directly to PNG.
- a. State whether as a result of that transaction, any employees of: (i) Delta, or (ii) the three unregulated subsidiaries identified above were laid off or reassigned to other positions.
 - b. Identify the number of individuals currently employed by each of Delta Resources, Inc.; Delgasco, Inc.; and Enpro, Inc.
 - c. State the impact of the Proposed Transaction on the headcount of: (i) Delta, and (ii) the three unregulated PNG subsidiaries identified above.
 - d. Discuss any potential tax consequences resulting from the Proposed Transaction on: (i) Delta, and (ii) the three unregulated PNG subsidiaries.
 - i. Since the date that transfer of the three unregulated subsidiaries was made to PNG, have taxes which the three unregulated subsidiaries have been paying to the Commonwealth of Kentucky instead been paid to the Commonwealth of Pennsylvania?
 - e. State to which entity gas royalties have been paid, both before the three unregulated subsidiaries were transferred to PNG, and after the transfer. Discuss in full.

A-5.

- a. No employees have been laid off or reassigned to other positions other than due to promotions or lateral moves initiated by the employee.
- b. Delta Resources, LLC, Delgasco, LLC, and Enpro, LLC have no dedicated employees. Employees of Delta continue to operate these companies in the same manner as when they were wholly-owned subsidiaries. Also, costs are still allocated to these companies from Delta in the same manner as when they were wholly-owned subsidiaries.
- c. There is no anticipated impact.
- d. There is no anticipated impact.
 - i. Since the merger with PNG, there have not been any taxes paid to the Commonwealth of Pennsylvania that were previously paid to the Commonwealth of Kentucky.
- e. Enpro, LLC is the only affiliated entity with royalty ownership related to the Enpro wells.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 6

Responding Witness: John B. Brown

Q-6. In Case No. 2018-00379, Delta filed an application for approval of a service agreement between PNG, Peoples Gas KY LLC, Delta Resources, LLC, Delgasco, LLC, and Enpro, LLC.

- a. Will that service agreement create a new service company?
- b. State whether PNG already has a service company, and if so, identify it.
- c. If PNG already has a service company, provide a copy of any service agreement between Delta and that entity.
- d. State whether the creation of: (i) any new service company, or (ii) the approval of the pending application for a service agreement will have any tax consequences for Delta. If so, discuss in detail.

A-6.

- a. No.
- b. No, PNG does not have an active service company. PNG is no longer utilizing Peoples Service Company, a wholly-owned subsidiary of LDC Funding LLC.
- c. Not applicable.
- d. There are no tax consequences as a result of the pending application for a service agreement.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 7

Responding Witness: Christopher H. Franklin

- Q-7. State whether Aqua has a service company, and if so, identify it.
- a. If Aqua does have a service company, does Aqua intend for it to provide services to Delta? Explain in as much detail as possible.
- A-7. Yes, Aqua America has a service company, Aqua Services, Inc. After the closing, Aqua America and Delta will evaluate what, if any, services from Aqua Services may be provided to Delta. Aqua America will seek the Commission's approval of any services agreement that it may enter into with Delta.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 8

Responding Witness: Christopher H. Franklin / Daniel J. Schuller

- Q-8. In the event the Proposed 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-8. Aqua America does not anticipate any increased costs for shared corporate services, and there are no plans to file a base rate case for Delta at this time. If Delta were to file a base rate case in the future, any lower or higher support costs can be reviewed and analyzed at the appropriate time.

**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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 9

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

- Q-9. Reference the application, p. 12, wherein it is stated: “. . . the acquisition by Aqua America of control over PNG, Peoples KY, and Delta will have no adverse impact on the provision of service by Peoples KY and Delta to their customers.” Identify all additional benefits Delta ratepayers will receive as a result of the transfer of control, that they would not have received but for the Proposed transaction.
- A-9. Delta customers will benefit from Aqua America's ownership of Delta in a number of ways. Delta customers will continue to receive quality service and will be supported by a team of natural gas experts. That service and expertise will be coupled with a parent company with a focus on prudently replacing aged distribution pipe. Delta will have greater access to capital under Aqua America's control than it currently does. As a publicly traded company, Aqua America has access to a broad range of capital sources. Accordingly, resources obtained through Aqua America will be readily available to support Delta's ongoing operations, including necessary and appropriate future changes and improvements. Delta customers may also benefit from economies of scale resulting from a larger customer base of both gas and water. This will allow for greater investment in technology solutions that will enhance customer service tools, as well as technology tools for enhanced management of similar activities, including the design and engineering of pipe replacement programs, mapping of pipelines, and other improvements and work efficiency tools that might not be economical on a standalone basis.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 10

Responding Witness: John B. Brown

Q-10. Reference the application, p. 21, wherein it is stated, “. . . Aqua America will explore a full implementation of [the SAP Technology Platform the Peoples Utilities currently utilize] throughout the companies. If both the gas and water/wastewater operations operate from the same platform, Aqua America would be able to develop a large, multi-utility service company.”

- a. Identify all customer service-related measures Aqua 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.
- c. As a result of the Proposed Transaction, do the Joint Applicants anticipate any headcount reductions in Delta's customer service function areas?

A-10.

- a. Delta currently provides exemplary customer service. The SAP Technology Platform will enhance existing customer service by providing multiple channels for Delta's customers to conduct business, which include chat, email, mobile billing and payment, text, and a customer portal. The customer portal will allow customers to receive online billing and digital notifications, make payments, elect their Customer Choice options, perform and schedule a “Move In” or “Move Out,” set up a

payment arrangement, request a Statements of Account or utilize Web Chat.

- b. The table below includes the total number of distribution employees working at each of Delta's Customer Service Centers. The full-time employees include one Manager of Distribution, six District Managers, 37 Customer Service Representatives who primarily work in the field, and 13 Customer Representatives who work in the district office accepting payments, taking calls, and initiating service orders.

<u>Customer Service Center</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Seasonal</u>	<u>Total</u>
Owingsville	7	1	0	8
Berea	8	1	1	10
Williamsburg	3	0	0	3
Nicholasville	10	0	0	10
Stanton	3	0	0	3
Middlesboro	6	2	0	8
Manchester	4	0	0	4
Barbourville	2	0	0	2
Corbin	12	0	0	12
London	2	0	0	2
Total	57	4	1	62

- c. No.

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 the Attorney General's First Request for Information
Dated December 7, 2018

Question No. 11

Responding Witness: Christopher H. Franklin / John B. Brown

- Q-11. 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 agencies and other low-income advocate support groups? If not, why not?
- A-11. 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.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 12

Responding Witness: Daniel J. Schuller

Q-12. Provide Aqua's current capital structure, and that of each of its utility subsidiaries/affiliates for the most recent calendar year.

A-12. The capital structures for Aqua America's utility operating subsidiaries from each of its most recent rate cases are as follows (equity/debt):

Aqua PA 52.85 / 47.15

Aqua NJ 52.86 / 47.14

Aqua VA 48.94 / 51.06

Aqua NC 50 / 50

Aqua OH 51.95 / 48.05

Aqua IN 50 / 50

Aqua IL 53.22 / 46.78

Aqua TX 50 / 50

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 13

Responding Witness: Morgan K. O'Brien

Q-13. Provide Delta's current capital structure, as well as that of each of the PNG utility companies for the most recent calendar year.

A-13. Please refer to the attachment labeled KYOAG-13.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 14

Responding Witness: Daniel J. Schuller / John B. Brown

- Q-14. Provide the intended capital structure of Delta in the event the Commission approves the Proposed Transaction.
- A-14. Aqua America intends to maintain the current capital structure of Delta in accordance with the Commission's standards.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 15

Responding Witness: Daniel J. Schuller

- Q-15. In the event the Commission approves the Proposed 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-15. Aqua America does not anticipate any adverse impact on Delta and its ratepayers from any such changes. Please refer to the response to Question Number 14.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 16

Responding Witness: Morgan K. O'Brien

Q-16. Provide a chart depicting Joint Applicants' organizational structure, including all subsidiaries, affiliates, and all parent companies.

A-16. Please refer to the attachments labeled KYOAG-16-A and KYOAG-16-P.

**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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 17

Responding Witness: Christopher H. Franklin

- Q-17. Identify the type[s] of water meters currently in place in each of Aqua's existing utility territories.
- a. State whether Joint Applicants plan to initiate any meter upgrades within Delta's service territory.
- A-17. In almost all of Aqua America's service territories, Aqua America utilizes automatic meters which electronically send readings to a transmitter; data is captured on a monthly basis. Aqua America will change out aging meters based on the jurisdiction's timing requirements. After closing, Aqua America and Delta will evaluate any necessary meter upgrades within Delta's service territory and will address any upgrades accordingly.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 18

Responding Witness: Daniel J. Schuller

- Q-18. State whether any of Aqua's existing utilities employ decoupling and/or any other forms of alternative ratemaking in their respective service territories, and if so, identify them.
- A-18. Decoupling mechanisms are not as common in the water industry as they are in the gas industry. The only decoupling mechanism permitted in Aqua America's footprint is in Illinois. Infrastructure replacement mechanisms are available in all of Aqua America's service areas except for Texas.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 19

Responding Witness: Morgan K. O'Brien

Q-19. 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 Proposed transaction);
- c. People's Gas KY LLC;
- d. People's Natural Gas, LLC;
- e. People's TWP, LLC;
- f. People's Gas WV, LLC;
- g. PNG; and
- h. Aqua America, Inc.

A-19.

- a. John McGuire, Morgan O'Brien, Preston Poljak, Joe Gregorini, Ruth DeLost-Wylie and Rodney Short
- b. Aqua America is still analyzing the proper makeup of the post-closing Delta Board.
- c. Peoples Gas KY LLC has no Board of Directors. It is a member-managed Kentucky Limited Liability Company whose sole member is PNG Companies LLC.
- d. Christopher Kinney, Dennis Mahoney, John McGuire, Victor Roque, James Mahoney, Morgan O'Brien
- e. Christopher Kinney, Dennis Mahoney, John McGuire, Daniel Onorato, Morgan O'Brien

- f. Peoples Gas WV LLC has no Board of Directors. It is a member-managed West Virginia Limited Liability Company whose sole member is PNG Companies LLC.
- g. Christopher Kinney, Dennis Mahoney, John McGuire, Victor Roque, James Mahoney, Morgan O'Brien
- h. Christopher Franklin, Elizabeth B. Amato, Carolyn J. Burke, Nicholas DeBenedictis, William P. Hankowsky, Daniel J. Hilferty, Wendell F. Howard, Ellen T. Ruff, and Lee C. Stewart

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 20

Responding Witness: Christopher H. Franklin

- Q-20. Provide a complete copy of any filings associated with the Proposed 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, the Attorney General's Office with copies of any and all documents produced in response to such a request, regardless of when the Joint Applicants make their response? If not, why not?
- A-20. Please refer to the attachment labeled KYOAG-20-CONF. This document contains proprietary information, is exempt from disclosure under the Kentucky Open Records Act, and is the subject of a motion for confidential treatment. The Joint Applicants will provide copies of the response to any additional requests.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 21

Responding Witness: Christopher H. Franklin

- Q-21. Provide copies of any and all filings made to any state or federal agency regarding the Proposed Transaction.
- A-21. Please refer to the attachment labeled KYOAG-20-CONF, which is the only filing made to a federal agency regarding the Proposed Transaction. Please also refer to the attachments labeled KYOAG-21-WV and KYOAG-21-PA for copies of filings made with the West Virginia Public Service Commission and the Pennsylvania Public Utility Commission, which, other than this proceeding, are the only filings made with any state agencies.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 22

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

Q-22. 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;
 - e. PNG; and
 - f. All Aqua America existing utilities.
- A-22. Please refer to attachments labeled KYOAG 22-D, KYOAG 22-P, and KYOAG 22-A. PNG Companies LLC's audited financial statement as of December 31, 2017 is attached. None of PNG Companies LLC's subsidiaries have prepared audited financial statements since the transaction approved in Case No. 2017-00125 closed. Also attached is Delta's most recent audited financial statement from the fiscal year ended June 30, 2017, and Aqua America's most recent audited financial statement for the fiscal year ending December 31, 2017.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 23

Responding Witness: Christopher H. Franklin / John B. Brown

- Q-23. In the event the Commission approves the Proposed Transaction, state whether Delta will honor all contractual and regulatory commitments which Delta entered into prior to the closing of the transaction.
- A-23. The Joint Application requests that the Commission relieve the parties in Case No. 2017-00125 of the commitments agreed to therein, so that the applicants to this proceeding do not have inconsistent commitments should the Commission approve the Proposed Transaction. Other than seeking relief from those commitments, Delta will honor all contractual and regulatory commitments which Delta entered into prior to the closing of the transaction, including any commitments made as part of this proceeding.

**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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 24

Responding Witness: Christopher H. Franklin

- Q-24. In the event the Commission should approve the Proposed Transaction, state whether Aqua will or may attempt to acquire any water/wastewater systems in Kentucky.
- A-24. Aqua America's current strategy includes growing its water and wastewater services. If the Commission approves the Proposed Transaction, Aqua America may be interested in exploring water and wastewater opportunities in Kentucky.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 25

Responding Witness: Christopher H. Franklin / Daniel J. Schuller

- Q-25. Reference the Sculler testimony, p. 12, lines 18-22. Specify whether all costs associated with the Proposed Transaction will be kept out of Delta's rates.
- A-25. Yes. At this time, Aqua America does not intend to file a base rate case on Delta's behalf, and all transaction and transition costs associated with the Proposed Transaction will be excluded from any future rate increase requests.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 26

Responding Witness: Christopher H. Franklin / Daniel J. Schuller

- Q-26. Reference the Sculler testimony, p. 6, line 6, wherein he states the Proposed Transaction is not expected to have any impact on rates. Identify any events or actions that could have an impact on rates, whether decreasing or increasing.
- A-26. Aqua America is not currently aware of any events or actions that would have any immediate impact on rates and does not presently intend to file a base rate case on Delta's behalf.

**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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 27

Responding Witness: John B. Brown

- Q-27. Reference the O'Brien testimony, p. 7, line 12, wherein he states Delta has installed nearly 29 miles of pipeline. Provide a breakdown of how much of the newly installed pipes are replacements of existing pipes, or new pipes.
- A-27. Delta has now installed approximately 30 miles of pipeline since the acquisition by PNG. This is comprised of 12.8 miles of new extensions, and 17.2 miles of replacements and relocations.

**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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 28

Responding Witness: Morgan K. O'Brien

Q-28. Reference the O'Brien testimony, p. 7, lines 14-16, wherein he states PNG has made significant investments in Delta's information technology assets. Fully describe all such investments and the costs thereof.

A-28. PNG wanted to significantly improve customer service, reliability and safety, enhance capabilities for Customer Choice and implement a platform that would allow for growth through acquisitions. PNG needed a robust system to be the backbone for the business. The backbone enterprise system had to keep up with changing technology, allow for growth, support multi-companies, and potentially multi-utilities. The system also needed to easily integrate with other commercially sold software, as well as custom-developed applications. It was desired that the vendor's system have a significant number of implementations at utilities, and the vendor be committed to supporting utilities. SAP met those requirements and more, so SAP was the technology selection for the backbone system.

PNG has made the same investments in each of its acquired companies, and Delta is no different.

To that end, PNG is implementing SAP's Finance and Accounting, Human Resources and Payroll, Supply Chain Management, Inventory Management, Enterprise Asset Management, Time Entry, Expense Reporting and Customer Resource Management and Billing (CRM&B). Integrated with these SAP's modules, PNG will also implement Customer Portal for easier customer online access, Ventyx Service Suite for Work Management, GL Essentials for Compliance Management, Ensyte's Gas Star for Supplier Management and Reconciliation, Perceptive Content for Document Management, Workforce for Time Entry and Time Evaluation, GIS for Mapping and managing pipeline

facilities and assets and SAP's Business Warehouse for business intelligence and analytics.

There is a two-year plan to convert Delta to this technology. PNG has invested \$2.2 million through November 2018 implementing SAP's core products for HR, Supply Chain, Inventory Management, Asset Management, Time Entry, Perceptive Content, Payroll and Gas Star. In 2019, we are implementing SAP's Customer Resource Management and Billing, Ventyx Service Suite for Work Management, and will add a significant amount of Data Analytics and Reporting using SAP's Business Warehouse. The total spend for the integration of these systems is estimated to be between \$6 million and \$7 million.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 29

Responding Witness: Morgan K. O'Brien

- Q-29. Reference the O'Brien testimony, p. 7, wherein he states PNG is currently converting Delta to the Peoples Utilities' modern IT platform. Provide a cost estimate for this conversion.
- a. Are Joint Applicants willing to commit that the conversion process will not harm Delta's provision of customer service? If not, why not?
 - b. Once the conversion is completed, will Delta inform the Commission and the Attorney General about the new customer service system's capabilities?
- A-29. The cost estimate for conversion is between \$6 million and \$7 million.
- a. Yes, it is intended to enhance Delta's provision of customer service.
 - b. Yes.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 30

Responding Witness: John B. Brown

Q-30. Will Delta give clear and conspicuous notice to Kentucky consumers regarding any change in services resulting from the Proposed Transaction? If not, why not?

A-30. Yes, clear and conspicuous notice will be given to the extent services change.

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 the Attorney General's First Request for Information
Dated December 7, 2018

Question No. 31

Responding Witness: Christopher H. Franklin / John B. Brown

- Q-31. Reference the Jennings testimony in Case No. 2017-00125, p. 6, line 19 wherein he references the "no impact period." Reference also Mr. Jennings' response to AG 1-23 in that case, in which he states that the term "no impact period" refers to a period extending through one year following the closing of the Proposed Transaction in that case in which Delta employees would continue to receive compensation and benefits no less favorable than received prior to the closing. In the instant case, will there be a similar "no impact period" for Delta employees? If not, why not?
- A-31. Yes. Please refer to Section 5.6 of the Purchase Agreement between LDC Parent LLC and Aqua America, Inc., filed as Exhibit A to the Joint Application in this proceeding.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 32

Responding Witness: Daniel J. Schuller / Morgan K. O'Brien

- Q-32. State the amount of termination fees, and / or any and all other fees and expenses any party, any combination of parties, or all parties would have to pay if the Proposed 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-32. The termination provisions of the agreement are outlined in Article IX, Sections 9.1, 9.2, and 9.3 of the Purchase Agreement filed as Exhibit A to the Joint Application in this proceeding. Delta's ratepayers would not be responsible for any such fees/expenses.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 33

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

Q-33. In the event the Commission should approve the Proposed Transaction, and in the further event the Joint Applicants receive all required regulatory and legal approvals, identify any ways in which the following LLCs may experience changes in the manner by which they are 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-33. No, there will be no changes to the tax structure of any entity listed.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 34

Responding Witness: Morgan K. O'Brien

- Q-34. 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 Proposed 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-34. No. Under the terms of § 3.17(i) of the Purchase Agreement, "Company and the Company Subsidiaries shall be permitted to declare and distribute cash dividends or other cash distributions to Seller, after which the Company and the Company Subsidiaries shall remain solvent on a consolidated basis and capable of operating in the ordinary course, and to settle, service or repay any related-party obligations . . ." "Company" is LDC Funding, LLC. PNG Companies, LLC and Delta are among the "Company Subsidiaries." "Seller" is LDC Parent, LLC.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 35

Responding Witness: John B. Brown

- Q-35. State how much additional stock of any class Delta or its affiliates will issue as a condition or as a result of the Proposed Transaction's consummation. If any, state the effect on Delta's ratepayers.
- A-35. No additional stock of any class will be issued as a condition of the transaction's consummation.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 36

Responding Witness: Christopher H. Franklin

Q-36. State when Joint Applicants expect to receive full approval of the Proposed Transaction from FERC, SEC, FCC, the U.S. Justice Dept., and all other relevant state and federal regulatory authorities.

A-36. While these regulatory bodies do not specifically declare "full approval of the contemplated transaction," Aqua America is currently awaiting procedural orders in proceedings pending before the Pennsylvania Public Utility Commission and the West Virginia Public Service Commission and therefore does not yet know an anticipated date of approval from these regulatory agencies.

The latest date at which the Hart-Scott-Rodino Antitrust Improvements Act application associated with the Proposed Transaction could be approved is January 7, 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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 37

Responding Witness: Christopher H. Franklin

- Q-37. As a result of the Proposed Transaction, will Delta ratepayers be asked to contribute in any manner whatsoever toward any costs associated with operating any Aqua or PNG utility in any other jurisdiction, including People's KY Gas, LLC?
- A-37. No, Delta ratepayers will not be asked to contribute to costs associated with operating any Aqua or PNG utility in any other jurisdiction, including Peoples Gas KY LLC.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 38

Responding Witness: Daniel J. Schuller

- Q-38. Discuss what effect the Proposed Transaction will have on the ability of: (i) PNG Companies, LLC; and (ii) Delta, to borrow capital.
- A-38. The Proposed Transaction will increase PNG and Delta's access to capital through Aqua America.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 39

Responding Witness: John B. Brown

- Q-39. 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-39. Delta does not have the ability to trade its stock. The Proposed Transaction will have no effect on Delta's ability to trade its stock. Delta would be owned by Aqua America, which trades its stock on the New York Stock Exchange using the symbol WTR.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 40

Responding Witness: John B. Brown

- Q-40. Discuss what effect the Proposed Transaction, if approved, will have on Delta's ability to access capital.
- A-40. The Proposed Transaction will increase Delta's access to capital through Aqua America.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 41

Responding Witness: Christopher H. Franklin / John B. Brown

Q-41. 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-41. Joint Applicants have not analyzed the post-closing cost of capital.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 42

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

Q-42. Provide copies of any and all due diligence reports any or all of the Joint Applicants may have conducted in contemplation of the Proposed Transaction.

A-42. Please refer to the attachments labeled KY-OAG-42, KYOAG-42-CONF, and KYOAG-42-CONF-R for Aqua America's due diligence reports. Some of Aqua America's due diligence reports contain proprietary and confidential information and are the subject of a motion for confidential treatment. The documents labeled KYOAG-42-CONF have been withheld in full, while the confidential portions of the documents labeled KYOAG-42-R have been redacted.

The SteelRiver, PNG, and Delta Applicants and their affiliates have no due diligence reports associated with the Proposed Transaction.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 43

Responding Witness: John B. Brown

Q-43. Provide copies of Delta's current credit ratings from the three major ratings agencies.

A-43. Delta is not rated by any credit rating agency.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 44

Responding Witness: John B. Brown

Q-44. Discuss what effect the Proposed Transaction, if approved, will have on Delta's credit ratings.

A-44. Please refer to the response to Question Number 43.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 45

Responding Witness: John B. Brown

- Q-45. 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-45. Please refer to the response to Question Number 43. Joint Applicants have not analyzed Delta's post-closing credit profile.

**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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 46

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

- Q-46. Identify any and all synergies that are expected to result from the Proposed 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 Aqua and/or its affiliates assume the existence of any synergies when it made the economic decision to acquire PNG and Delta? If so, describe in detail.
- A-46. Delta will continue to be operated by the same employees and overseen by the same management as it is now. Aqua America intends to explore potential options for sharing of best practices, technology sharing, and other further initiatives. However, because Aqua America is a water and wastewater provider, and Delta is a natural gas provider, this is not a typical "synergy" transaction. Over time, as new technologies are deployed, Aqua America may identify additional opportunities for long-term process improvement and efficiencies. As stated in the Joint Application, Aqua America does not have plans to file for a base rate increase.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 47

**Responding Witness: Christopher H. Franklin / Morgan K. O'Brien / Daniel J.
Schuller**

- Q-47. Provide copies of any and all reports and other documents identifying economies of scale or scope, with costs detailed, expected to result from the Proposed Transaction.
- a. Identify any economies of scope or scale, with costs detailed, affecting the Joint Applicants' Kentucky-based operations; and
 - b. 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-47. Joint Applicants have not analyzed economies of scale or scope expected to result from the Proposed Transaction.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 48

Responding Witness: Daniel J. Schuller

- Q-48. Identify, in detail, any and all tax advantages, benefits and/or savings the Joint Applicants expect to result from the Proposed Transaction, and provide any relevant quantifications.
- A-48. The Joint Applicants are not aware of any tax advantages, benefits, or savings that will result from the Proposed Transaction.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 49

Responding Witness: Daniel J. Schuller / John B. Brown

Q-49. Assuming the Proposed Transaction receives full approval from all relevant regulatory authorities, will Delta be operating on a stand-alone basis following the Transaction's consummation?

- a. Will Delta be filing separate tax returns following the Proposed Transaction's consummation, or will it participate in a consolidated tax return?
- b. Provide documentation demonstrating the anticipated or planned tax return status.

A-49.

- a. Delta will be part of a consolidated tax return.
- b. No such documentation exists. The next consolidated tax return of which Delta would be a part will be filed in 2020.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 50

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

- Q-50. 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-50. Please refer to the attachments labeled KYOAG-50-D, KYOAG-50-P, and KY-OAG-50-A. Delta and PNG have provided their deferred tax account information because the deferred taxes of other current affiliates will not be relevant to Delta's operations if the Proposed Transaction is approved.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 51

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

- Q-51. For each deferred tax balance identified above, please state what impact the Proposed Transaction will have on the account (e.g., will the Proposed Transaction result in a loss of any deferred tax credits?).
- A-51. Because the accounts will be consolidated, there will be an increase to the Aqua America deferred income tax account. For Delta and PNG, the proposed transaction will not impact the deferred income tax accounts included in the response to Question Number 50.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 52

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

Q-52. Identify any and all other cost savings for Delta ratepayers that are expected to result from the Proposed Transaction, if approved.

A-52. Please refer to the responses to Question Numbers 46, 47, and 48.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 53

Responding Witness: John B. Brown

Q-53. If the Proposed Transaction is approved, state whether Delta would be guaranteeing the credit of any of its affiliates.

A-53. Delta will not be guaranteeing the credit of any affiliates if the transaction is approved.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 54

Responding Witness: Christopher H. Franklin / Daniel J. Schuller

- Q-54. Do the Joint Applicants agree that there are two categories of costs for the Proposed Transaction, namely: (1) costs-to-achieve the Proposed Transaction (e.g., due diligence reports, legal counsel, etc.); and (2) costs-to-achieve cost savings in the post-Proposed 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-Proposed 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-Proposed 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 Proposed Transaction that are attributable solely to the process of obtaining the approval of the Proposed 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 Proposed 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:
 - (1) the assignment of costs to each of the Joint Applicants' owners;
 - (2) the assignment of costs to each of the Joint Applicants' ratepayers, if any; and
 - (3) 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-Proposed 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), identify by year for as many years as your projections provide the following:
 - (1) the assignment of costs to each of the Joint Applicants' owners;
 - (2) the assignment of costs to each of the Joint Applicants' ratepayers, if any; and
 - (3) the breakdown of the assignment of costs between regulated and non-regulated operations.
- A-54. The Joint Applicants will not seek recovery for any costs to achieve the transaction or costs to achieve any savings. Aqua America intends to explore options that will provide long-term opportunities for process improvements and

efficiencies. The costs of any investments that might be made are 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 Cost Allocation Manual.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 55

Responding Witness: Christopher H. Franklin / Daniel J. Schuller

- Q-55. For each category of costs to achieve cost savings in the post-Proposed 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-55. Please refer to the response to Question Number 54.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 56

Responding Witness: Christopher H. Franklin / Daniel J. Schuller

Q-56. Provide documentation of all allocations. If the Joint Applicants did not do so, please explain why.

A-56. Please refer to the response to Question Number 54.

**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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 57

Responding Witness: Christopher H. Franklin / Daniel J. Schuller

Q-57. For each category of costs to achieve cost savings in the post-Proposed Transaction structure, identify the allocation process, including the factors, for allocating costs between regulated and non-regulated operations.

A-57. Please refer to the response to Question Number 54.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 58

Responding Witness: Christopher H. Franklin / Daniel J. Schuller

Q-58. For each category of costs to achieve cost savings in the post-Proposed Transaction structure, identify the corresponding amount of cost savings allocated to non-regulated operations for that category.

A-58. Please refer to the response to Question Number 54.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 59

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

- Q-59. 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-59. No, the Joint Applicants did not identify any facts or circumstances that would have a material adverse effect on their customers.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 60

Responding Witness: John B. Brown

- Q-60. If the Proposed 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-60. Delta will not be required to pledge any of its assets to finance the debt or any purchases of its affiliates.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 61

Responding Witness: John B. Brown

- Q-61. If the Proposed Transaction is approved, state whether Delta or its current subsidiaries will, as a condition of the Proposed 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 Proposed Transaction.
- A-61. Delta and its subsidiaries 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.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 62

Responding Witness: Daniel J. Schuller

- Q-62. 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-62. Aqua America is assuming approximately \$1.3 billion in debt and anticipates issuing approximately \$0.4 to \$0.9 billion of incremental debt after the Proposed Transaction, if it is approved. Delta ratepayers will not be required to reimburse Aqua America or any other Joint Applicant for the debt incurred as part of the transaction.

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 the Attorney General's First Request for Information
Dated December 5, 2018**

Question No. 63

Responding Witness: Christopher H. Franklin

Q-63. 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-63 The Joint Applicants presently plan to continue the existing initiatives, which include Delta's pipe replacement program, and the system improvements described in response to Question 2 of the Commission Staff's First Request for Information. Moreover, following closing of the proposed transaction, Aqua will evaluate opportunities to enhance and/or expand gas procurement, storage, and transportation and distribution programs.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 64

Responding Witness: Christopher H. Franklin / John B. Brown

Q-64. If the Proposed 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-64. No, Delta would not.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 65

Responding Witness: Daniel J. Schuller

- Q-65. Assuming the Proposed Transaction is fully approved in every jurisdiction and by every regulatory authority, state whether any officers or directors of Joint Applicants 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-65. Compensation for Aqua America executives is set forth in Aqua America's Proxy Statement, which is filed with the Securities and Exchange Commission. Please refer to the attachment labeled KYOAG-65.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 66

Responding Witness: Christopher H. Franklin / John B. Brown

- Q-66. Assuming the Proposed 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-66. Delta presently provides the same level of scrutiny to invoices from its affiliates as to invoices from third parties, which can include questioning and challenging costs as it deems appropriate and necessary, and will continue to do so if the Proposed Transaction is approved. In addition, Delta's Cost Allocation Manual addresses the allocation of costs from affiliates.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 67

Responding Witness: Christopher H. Franklin

Q-67. 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 regulated utilities discussed the Proposed Transaction.

A-67. Please refer to the attachments labeled KYOAG-67-CONF for Aqua America's Board of Directors meeting minutes. These minutes contain confidential and proprietary information and are the subject of a motion for confidential treatment. Additionally, portions of these minutes that do not relate to the Proposed Transaction, or relate to the Proposed Transaction but reflect extremely sensitive financial information, have been redacted.

PNG and Delta have no minutes. Please see the attachment labeled KYOAG-68-S for SteelRiver's resolution regarding the Proposed Transaction.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 68

Responding Witness: Christopher H. Franklin / Morgan K. O'Brien

- Q-68. 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 Proposed Transaction.
- A-68. Please refer to the attachment labeled KYOAG-68-A-CONF for Aqua America's Board of Directors resolution and the attachment labeled KYOAG-68-S for SteelRiver's resolution.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 69

Responding Witness: Daniel J. Schuller

- Q-69. Will the Proposed 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-69. After the closing, Delta will become part of an organization that must comply with SEC requirements. Therefore, information related to Delta will be included in those filings. Otherwise, the transaction will not result in any changes in accounting principles. Aqua America does not anticipate that there will be any impact on Delta ratepayers.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 70

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

- Q-70. 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-70. Aqua America does not anticipate any immediate substantive changes in any existing contracts of the Joint Applicants with other vendors. Changes may result in the future as a result of sharing of best practices, engineering, and information technology, but Aqua America does not anticipate that any such changes would have a material impact on Delta ratepayers.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 71

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

- Q-71. Do the Joint Applicants anticipate entering any new contracts as a consequence of the Proposed 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-71. No new contracts with any affiliated entities are anticipated at this time. Should the Joint Applicants determine that an affiliated agreement is prudent, the agreement will be presented to the Commission for approval.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 72

Responding Witness: Daniel J. Schuller

- Q-72. Will the Proposed 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-72. No, Aqua America does not anticipate any write-ups, write-offs, or restatement of financial results for Delta, its parent entity, or any of its affiliates as a result of the Proposed Transaction.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 73

Responding Witness: Daniel J. Schuller

- Q-73. In the Post-Proposed Transaction period, 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-73. No, not on a standalone basis. Delta and its parent entities/affiliates will be included in the information that Aqua America files with the Securities and Exchange Commission. The types of filings Delta will be included in include Aqua America's annual report, proxy statement, 10-Q, 8-K, and 10-K filings. Aqua America is already subject to SEC filing requirements, and Delta's information will be added to the filings Aqua America currently makes.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 74

Responding Witness: Christopher H. Franklin and John B. Brown

- Q-74. 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 Proposed Transaction? Please identify and explain the post-Proposed 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-74. Aqua America is currently required to comply with the Sarbanes-Oxley Act of 2002. Typical Sarbanes-Oxley requirements for publicly traded companies include financial and information technology requirements, including document retentions, security controls around financial data, financial controls, reporting, testing, and internal controls.

Delta has not been required to comply with the Sarbanes-Oxley Act of 2002 (SOX) since the Company was acquired on September 21, 2017. Prior to September 21, 2017, Delta was a publicly traded company and was required to comply with SOX. Whether Delta will be required to fully comply with SOX after the Proposed Transaction occurs will depend on if Delta is considered in-scope for PNG and Aqua financial reporting. Some business processes may be considered in-scope, and thus, must be compliant with SOX, while others may not. Whether a company or process is considered in-scope is determined based on an evaluation of risk and materiality.

To become SOX-compliant the companies will select an internal control framework. Aqua America has selected the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations (COSO 2013). In accordance with this framework the companies will perform risk assessments and identify key controls to mitigate risk to an acceptably low level. These controls will include manual controls and automated IT controls which are

preventative or detective in nature. SOX requires that management evaluate these internal controls and certify that each SEC filing fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and fairly presents, in all material respects, the financial condition and results of operations of the Company.

As Joint Applicants do not anticipate SOX compliance to cause the need for additional personnel or IT systems, Joint Applicants do not believe the requirements will materially affect Delta's ratepayers.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 75

Responding Witness: John B. Brown

- Q-75. Assuming the Proposed 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-75. No, Delta will not offer a retention or incentive program for its managers in connection with the Proposed Transaction.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 76

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

Q-76. What benefits will Delta's customers receive as a result of the Proposed Transaction? Explain in detail with **specific** savings attributable to all **projected** savings.

A-76. Please refer to the response to Question Number 9.

**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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 77

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

Q-77. Will Delta, and its parent entities commit to not use "pushdown accounting" in any manner arising from the Proposed Transaction? If not, why not?

A-77. Delta and its parent entities will commit to not use "pushdown accounting."

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 78

Responding Witness: John B. Brown

Q-78. Will the Proposed 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-78. No refinancing of Delta's debt is contemplated as part of the Proposed Transaction.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 79

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

- Q-79. Assuming the Proposed Transaction receives full approval from all relevant regulatory authorities, what amount of liquid assets will Delta's parent entities hold?
- A-79. PNG manages the treasury for all of its companies on a consolidated basis. The Joint Applicants do not expect the Proposed Transaction to significantly change this process, although the ultimate treasury responsibility will move to the Aqua America level.

**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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 80

**Responding Witness: Christopher H. Franklin / Daniel J. Schuller / Morgan K.
O'Brien / John B. Brown**

- Q-80. 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 Proposed Transaction is consistent with the public interest, within the meaning of KRS Ch. 278 et seq.
- A-80. Please refer to the Joint Application at pages 19 through 23, the direct testimony of Christopher H. Franklin at page 8, the direct testimony of Daniel J. Schuller at pages 10 and 11 through 12, the direct testimony of Morgan K. O'Brien at pages 9 through 10, and the direct testimony of John B. Brown at pages 8 through 9.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 81

Responding Witness: Christopher H. Franklin

- Q-81. 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-81. Joint Applicants do not anticipate, project, or otherwise forecast any additional reorganizations, mergers, changes of control, or other transactions involving Delta for the next thirty-six (36) months.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 82

Responding Witness: Christopher H. Franklin

- Q-82. Are the Joint Applicants willing to commit 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-82. As a publicly traded regulated utility, Aqua America typically owns utility systems for decades and has held some for more than a century. The Joint Applicants have no plans to divest ownership of Delta in the next ten (10) years; however, 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.*

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 83

Responding Witness: John B. Brown

Q-83. 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-83. 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.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 84

Responding Witness: Christopher H. Franklin

- Q-84. 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-84. 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 there is no pending or threatened litigation that is material to the respective Joint Applicants' financial condition.

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 the Attorney General's First Request for Information
Dated December 6, 2018**

Question No. 85

Responding Witness: Christopher H. Franklin / John B. Brown

- Q-85. Assuming the Proposed 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-85. Aqua is not aware of any contractual liability or obligations that Delta would not have faced but for the approval of the Proposed Transaction.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 86

Responding Witness: Christopher H. Franklin / Daniel J. Schuller

- Q-86. Assuming the Proposed 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-86. No, Delta will not be exposed to any increased insurance premiums as a result of the approval of the transaction.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 87

Responding Witness: Christopher H. Franklin / Daniel J. Schuller

- Q-87. Assuming the Proposed Transaction is approved, will Delta be exposed to any additional contributions to any pension plans, medical plans, etc. for one or more 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-87. 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.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 88

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

- Q-88. 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-88. The Joint Applicants do not currently retain the services of lobbyists related in any manner to any employee of the federal government and/or any employee of the Commonwealth of Kentucky.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 89

Responding Witness: Christopher H. Franklin

Q-89. Do the Joint Applicants believe they will either: (i) expand Delta's existing service territory, and/or (ii) attempt to acquire any additional LDCs in Kentucky?

A-89. Aqua America does not have any present plans to expand Delta's existing service territory and/or attempt to acquire any additional LDCs in Kentucky, but will evaluate such opportunities if they should arise in the future. Aqua will be supportive of growing the Kentucky operations, but will look to Delta's management, together with PNG, to determine the best utilization of capital in Kentucky, whether it be expansion of Delta's service territory, the acquisition of other LDCs, or the acquisition of additional gas gathering or storage systems.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 90

Responding Witness: Christopher H. Franklin

Q-90. Do the Joint Applicants believe they will further expand gas exploration and/or gathering activities in Kentucky?

A-90. Please refer to the response to Question Number 89.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 91

Responding Witness: Christopher H. Franklin

- Q-91. Do the Joint Applicants anticipate constructing any new gas transportation pipelines, either alone or in partnership with any non-affiliated entities, either in Kentucky or other states?
- A-91. Other than possibly to serve new utility customers or to improve service to existing customers, Aqua America does not anticipate constructing new gas transportation pipelines in Kentucky or other states.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 92

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

Q-92. If the Commission should approve the Proposed Transaction, will Delta obtain more comprehensive and robust liability insurance coverages than it has today? Explain.

a. Does Delta currently have any self-insured retention limits? If so, will those limits be reduced (i.e., a reduced self-insured retention), or increased (i.e., a greater self-insured retention) in the event the Commission approves the Proposed Transaction?

A-92. Delta's liability insurance is scheduled to renew in March 2019. Following that renewal, it is anticipated that an analysis will be completed to determine whether incorporating Delta's liability program into a larger combined insurance program would be beneficial to Delta's customers.

a. Delta has various types of insurance coverage:

- General liability
- Automobile
- Workers Compensation
- Excess Liability
- Property
- Control of Well
- Pollution
- Cybersecurity
- Directors and Officers Liability
- Employer Practices Liability
- Fiduciary Liability
- Crime Coverage

Self-retention limits vary by policy. Any changes to self-insured retention, as a result of the Proposed Transaction or otherwise, are unknown at this time.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 93

Responding Witness: n/a

Q-93. There was no Question Number 93 in the Attorney General's Requests.

A-93.

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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 94

Responding Witness: Daniel J. Schuller

Q-94. Describe the impact that the Proposed Transaction will have on Delta's debt.

A-94. Aqua America does not anticipate that the Proposed Transaction will have any impact on Delta's debt.

**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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 95

Responding Witness: Christopher H. Franklin

- Q-95. Provide the material state regulatory matters for each of Aqua's regulated utilities (i.e. mergers, major acquisitions, base rate cases, large capital rider updates, etc.) for the past eight (8) years. This response should include the name of the regulated utility, styling of the case, matter number and jurisdiction.
- A-95. Please refer to the attachments labeled KYOAG-95. These earnings call presentations set forth the material state regulatory matters for Aqua America's regulated utilities for the last three years.


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 the Attorney General's First Request for Information
Dated December 7, 2018**

Question No. 96

Responding Witness: John B. Brown

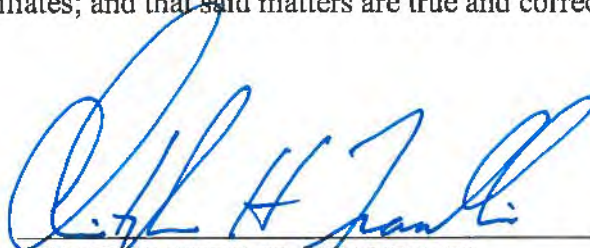
Q-96. Reference the PNG confidential materials (Exhibit C, "Seller Disclosure Schedule to Purchase Agreement"), p. 14. 

A-96. The Clark Circuit Court approved the settlement agreement as submitted at a hearing on December 4, 2018.


VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF MONTGOMERY)

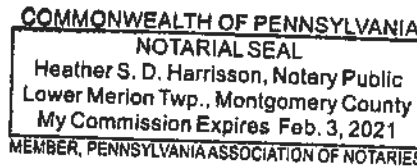
CHRISTOPHER H. FRANKLIN, being duly sworn, deposes and says that he is the Chairman, Chief Executive Officer, and President of Aqua America, Inc. ("Aqua America"), that he has read the foregoing Responses to Requests for Information and knows the matters contained therein relating to Aqua America and its affiliates; and that said matters are true and correct to the best of his knowledge and belief.


CHRISTOPHER H. FRANKLIN

Subscribed and sworn to before me, a Notary Public in and for the above County and State, on this 14 day of December, 2018.


Notary Public

My Commission Expires:
Feb 3, 2021



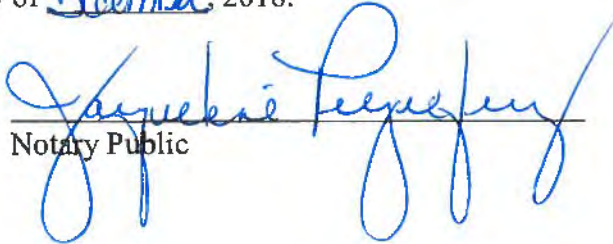
VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF MONTGOMERY)

DANIEL J. SCHULLER, being duly sworn, deposes and says that he is the Executive Vice President and Chief Financial Officer of Aqua America, Inc. ("Aqua America"), that he has read the foregoing Responses to Requests for Information and knows the matters contained therein relating to Aqua America and its affiliates; and that said matters are true and correct to the best of his knowledge and belief.


DANIEL J. SCHULLER

Subscribed and sworn to before me, a Notary Public in and for the above County and State, on this 14th day of December, 2018.


Notary Public

My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Jacqueline Peyreferry, Notary Public
Lower Merion Twp., Montgomery County
My Commission Expires Aug. 27, 2020
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF ALLEGHENY)

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 that he has read the foregoing Responses to Requests for Information and knows the matters contained therein relating to PNG and its affiliates, including Peoples Gas KY LLC and Delta Natural Gas Company, Inc.; and that said matters are true and correct to the best of his knowledge and belief.


MORGAN K. O'BRIEN

Subscribed and sworn to before me, a Notary Public in and for the above County and State, on this 13 day of December, 2018.


Notary Public

My Commission Expires:

12/9/20

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Susan M. Griener, Notary Public
City of Pittsburgh, Allegheny County
My Commission Expires Dec. 9, 2020
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF CLARK) SS:

JOHN B. BROWN, being duly sworn, deposes and says that he is the President, Treasurer, and Secretary of Delta Natural Gas Company, Inc. and that he has read the foregoing Responses to Requests for Information and knows the matters contained therein relating to Delta Natural Gas Company, Inc.; and that said matters are true and correct to the best of his knowledge and belief.

John B. Brown

JOHN B. BROWN

Subscribed and sworn to before me, a Notary Public in and for the above County and State, on this 13th day of December, 2018.

Emily P. Bennett

Notary Public

My Commission Expires:
6/20/20

