

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF AQUA AMERICA,)
INC.; STEELRIVER INFRASTRUCTURE FUND)
NORTH AMERICA LP; STEELRIVER LDC)
INVESTMENTS LP; LDC PARENT LLC; LDC) CASE No.
FUNDING LLC; LDC HOLDINGS LLC;) 2018-00369
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.)

ATTORNEY GENERAL’S FINAL COMMENTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“AG”), and submits these Final Comments regarding Aqua America, Inc. (“Aqua”)’s proposed acquisition of ownership and control of the PNG Companies, People’s Gas KY LLC (“People’s”), and Delta Natural Gas Company, Inc. (“Delta”), which is the subject of the instant proceeding.

The approximate \$2 billion acquisition premium which Aqua America, Inc. (“Aqua”) will be paying the PNG Companies¹ confirms that the transaction will solely benefit the Joint Applicants, to the exclusion of Delta’s and People’s ratepayers. Aqua’s officials have in fact confirmed that Delta’s ratepayers will receive no benefits resulting from the transaction.² Given the lack of ratepayer benefits, the Attorney General recommends that in the event the Commission should approve the proposed transaction, it should closely scrutinize any proposed capital expenditures that would exceed Delta’s current level of capital expense,

¹ See AG Hearing Exhibit 1; and Video Transcript of Evidence beginning at 10:05:50.

² See Joint Applicants’ responses to AG 1-46, 1-47, and 1-48, collectively submitted as AG Hearing Exhibit 2.

except as may be needed for significant system growth or extraordinary contingency. In particular, the level and manner of capital spending in Delta's current Pipeline Replacement Program ("PRP") should remain fully consistent with that which the Commission set in Case No. 2018-00086.³

Finally, in the event the Commission approves the Joint Applicants' application, they should be required to honor all the commitments they agreed to keep in the course of the instant case.

Respectfully submitted,

ANDY BESHEAR
ATTORNEY GENERAL



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³ *Electronic Adjustment of the Pipe Replacement Program Rider of Delta Nat. Gas Co., Inc.*, Case No. 2018-00086, Final Order issued Aug. 21, 2018.

Certificate of Service and Filing

Counsel certifies that the foregoing is a true and accurate copy of the same document being filed in paper medium with the Commission within two business days; that the electronic filing has been transmitted to the Commission on March 5, 2019; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 5th day of March, 2019.



Assistant Attorney General