

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 INITIAL DATA REQUESTS
PUBLIC REDACTED VERSION**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Data Requests to Aqua America, Inc. (“Aqua”); Steelriver Infrastructure Fund North America LP; Steelriver LDC Investments LP; LDC Parent LLC; LDC Funding LLC; LDC Holdings LLC; PNG Companies LLC (“PNG”); Peoples Gas KY LLC; and Delta Natural Gas Co., Inc. (“Delta”) [hereinafter jointly referred to as “Joint Applicants”] to be answered by the date specified in the Commission’s Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.

(3) Repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Joint Applicants with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

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

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

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

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

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

(10) As used herein, the words “document” or “documents” are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which

any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

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

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

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

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

ANDY BESHEAR
ATTORNEY GENERAL



LAWRENCE W. COOK
JUSTIN M. McNEIL
KENT A. CHANDLER
REBECCA W. GOODMAN
ASSISTANT ATTORNEYS GENERAL
700 CAPITOL AVE., SUITE 20
FRANKFORT KY 40601
(502) 696-5453
FAX: (502) 573-8315
Rebecca.Goodman@ky.gov
Larry.Cook@ky.gov
Kent.Chandler@ky.gov
Justin.McNeil@ky.gov

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 December 7, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 7th day of December, 2018.

A handwritten signature in blue ink, appearing to be 'JL', is placed on a light blue rectangular background.

Assistant Attorney General

Electronic Joint Application of Aqua America, Inc., et al., for Approval of Transfer of Control
of PNG Companies, LLC, and Delta Natural Gas Co., Inc.
Case No. 2018-00369
Attorney General's Initial Data Requests

1. Does Aqua understand that the counties comprising Delta's service territory have some of the highest poverty levels in Kentucky?
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.
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.
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.
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

Electronic Joint Application of Aqua America, Inc., et al., for Approval of Transfer of Control
of PNG Companies, LLC, and Delta Natural Gas Co., Inc.
Case No. 2018-00369
Attorney General's Initial Data Requests

- 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.
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.
 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.
 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.
 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.
 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 head count reductions in Delta's customer service function areas?
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?
12. Provide Aqua's current capital structure, and that of each of its utility subsidiaries / affiliates for the most recent calendar year.
13. Provide Delta's current capital structure, as well as that of each of the PNG utility companies for the most recent calendar year.
14. Provide the intended capital structure of Delta in the event the Commission approves the Proposed Transaction.
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.
16. Provide a chart depicting Joint Applicants' organizational structure, including all subsidiaries, affiliates, and all parent companies.
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.
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.
19. Identify the members of the following boards of directors:

Electronic Joint Application of Aqua America, Inc., et al., for Approval of Transfer of Control
of PNG Companies, LLC, and Delta Natural Gas Co., Inc.
Case No. 2018-00369
Attorney General's Initial Data Requests

- 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.
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 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?
21. Provide copies of any and all filings made to any state or federal agency regarding the Proposed Transaction.
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.
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.
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.

Electronic Joint Application of Aqua America, Inc., et al., for Approval of Transfer of Control
of PNG Companies, LLC, and Delta Natural Gas Co., Inc.
Case No. 2018-00369
Attorney General's Initial Data Requests

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.
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.
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.
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.
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?
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?
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?
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.

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.

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.

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.

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.

Electronic Joint Application of Aqua America, Inc., et al., for Approval of Transfer of Control
of PNG Companies, LLC, and Delta Natural Gas Co., Inc.
Case No. 2018-00369
Attorney General's Initial Data Requests

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?
38. Discuss what effect the Proposed Transaction will have on the ability of: (i) PNG Companies, LLC; and (ii) Delta, to borrow capital.
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.
40. Discuss what effect the Proposed Transaction, if approved, will have on Delta's ability to access capital.
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.
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.
43. Provide copies of Delta's current credit ratings from the three major ratings agencies.
44. Discuss what effect the Proposed Transaction, if approved, will have on Delta's credit ratings.
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.
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.

Electronic Joint Application of Aqua America, Inc., et al., for Approval of Transfer of Control
of PNG Companies, LLC, and Delta Natural Gas Co., Inc.
Case No. 2018-00369
Attorney General's Initial Data Requests

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.
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.
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.
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.
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?).
52. Identify any and all other cost savings for Delta ratepayers that are expected to result from the Proposed Transaction, if approved.
53. If the Proposed Transaction is approved, state whether Delta would be guaranteeing the credit of any of its affiliates.
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.)

Electronic Joint Application of Aqua America, Inc., et al., for Approval of Transfer of Control
of PNG Companies, LLC, and Delta Natural Gas Co., Inc.
Case No. 2018-00369
Attorney General's Initial Data Requests

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

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.
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.
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.
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.
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.
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.
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.
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.
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.

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.
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.
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.
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.
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?
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.
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).
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.
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.

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.
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?
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?
79. Assuming the Proposed Transaction receives full approval from all relevant regulatory authorities, what amount of liquid assets will Delta's parent entities hold?
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.
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.
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.
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?
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.

Electronic Joint Application of Aqua America, Inc., et al., for Approval of Transfer of Control
of PNG Companies, LLC, and Delta Natural Gas Co., Inc.
Case No. 2018-00369
Attorney General's Initial Data Requests

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

94. Describe the impact that the Proposed Transaction will have on Delta's debt.
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.
96. Reference the PNG confidential materials (Exhibit C, "Seller Disclosure Schedule to Purchase Agreement"), p. 14. **[BEGIN CONFIDENTIAL]** [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] **[END CONFIDENTIAL]**