

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

1. Provide copies of all minutes of all board of directors' meetings for each of the Joint Applicants in which the proposed corporate restructuring was discussed.

Response: No such minutes exist.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

2. Provide copies of any presentation materials made by Joint Applicants discussing the proposed corporate restructuring.

Response: Please the attached PowerPoint slides that are being provided pursuant to a petition for confidential protection.

Sponsoring Witness: John B. Brown

THIS ATTACHMENT IS PROVIDED
PURSUANT TO A PETITION FOR
CONFIDENTIAL PROTECTION

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

3. Explain whether the proposed corporate restructuring will require other regulatory approvals and provide copies of any applications filed requesting such approvals.

Response: Yes. Similar applications have been filed in Pennsylvania and West Virginia.

Copies of the applications are attached.

Sponsoring Witness: John B. Brown

Michael W. Hassell

mhassell@postschell.com
717-612-6029 Direct
717-720-5386 Direct Fax
File #: 189935

June 23, 2021

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Joint Application of Peoples Natural Gas Company LLC and Peoples Gas Company
LLC for Approval of Intercompany Restructuring
Docket No. A-2021- and A-2021**

Dear Secretary Chiavetta:

Attached for filing please find the Application of Peoples Natural Gas Company LLC and Peoples Gas Company LLC for Approval of Intercompany Restructuring. Copies of this Application will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Michael W. Hassell

MWH/kl
Attachment

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL

Steven C. Gray, Esquire
Small Business Advocate
Office of Small Business Advocate
555 Walnut Street
Forum Place, 1st Floor
Harrisburg, PA 17101
sgray@pa.gov

Paul T. Diskin
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PA Public Utility Commission
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Renardo Hicks, Esquire
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Date: June 23, 2021

Michael W. Hassell

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Peoples Natural Gas :
Company LLC and Peoples Gas Company : Docket Nos. A-2021-
LLC for Approval of Intercompany : A-2021-
Restructuring

**JOINT APPLICATION OF PEOPLES NATURAL GAS COMPANY LLC
AND PEOPLES GAS COMPANY LLC FOR APPROVAL
OF INTERCOMPANY RESTRUCTURING**

I. INTRODUCTION

1. By this Application, Peoples Natural Gas Company LLC (“Peoples Natural Gas”) and Peoples Gas Company LLC (“Peoples Gas”) (collectively, the “Peoples Companies”) by and through their legal counsel, jointly request all approvals required under the Pennsylvania Public Utility Code for a proposed corporate restructuring. The corporate restructuring would merge two existing intermediate holding companies, LDC Funding LLC (“Funding”) and LDC Holdings LLC (“Holdings”), leaving one entity, Funding, as the surviving company. Funding is currently, and will remain, a direct wholly-owned subsidiary of Essential Utilities, Inc. (“Essential”). In the current corporate structure, Funding is the direct corporate parent of Holdings and Holdings is the direct corporate parent of PNG Companies LLC (“PNG”). PNG is the direct corporate parent of the Peoples Companies.

2. The complete names and addresses of the Applicants are as follows:

Peoples Natural Gas Company LLC
375 North Shore Drive
Pittsburgh, PA 15212

Peoples Gas Company LLC

375 North Shore Drive
Pittsburgh, PA 15212

3. The attorneys for the Applicants are:

Michael W. Hassell (ID #34851)
Michael W. Gang (ID #25670)
Nicholas A. Stobbe (ID #329583)
Post & Schell, P.C.
17 N. Second Street, 12th Floor
Harrisburg, PA 17101-1601
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William H. Roberts II (ID # 54724)
Senior Counsel
Peoples Service Company LLC
375 North Shore Drive
Pittsburgh, PA 15212
Phone: 412-473-3915
Email: William.h.roberts@peoples-gas.com

II. DESCRIPTION OF THE RELEVANT ENTITIES

Essential Utilities, Inc.

4. Essential was registered in Pennsylvania in 1968. Essential is a natural gas, water and wastewater utility holding company that currently provides service through its operating subsidiaries in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana, Virginia, West Virginia and Kentucky. Essential is the highest entity in the corporate structure governing the relevant companies described below. By Final Order entered January 24, 2020, at Docket No. A-2018-3006061, et. al, (the “Aqua Acquisition Proceeding”), the Commission approved the transfer of indirect ownership of the Peoples Companies to Aqua America, Inc.,

now Essential. The closing on the transaction occurred on March 16, 2020. Essential's current legal entity structure is attached as "Appendix A."

LDC Funding LLC

5. Funding is a Delaware limited liability company. Essential acquired 100% of the membership interests in Funding in the transaction approved in the Aqua Acquisition Proceeding.

LDC Holdings LLC

6. Holdings is a Delaware limited liability company. Funding owned 100% of the membership interests in Holdings prior to the Aqua Acquisition Proceeding, and that corporate structure remains in place following the transaction. Holdings owns 100% of the membership interests in PNG.

PNG Companies LLC

7. PNG is a Delaware limited liability company. PNG directly owns 100% of the membership interests in the Peoples Companies, and was the direct parent of the Peoples Companies prior to the Aqua Acquisition Proceeding.

Peoples Natural Gas Company LLC

8. Peoples Natural Gas is a limited liability company formed under the laws of the Commonwealth of Pennsylvania for the purposes of providing natural gas transmission, distribution, and supplier of last resort services subject to the Pennsylvania Public Utility Commission's ("Commission") regulatory jurisdiction.

9. Peoples Natural Gas is a "public utility" and a "natural gas distribution company" as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa. C.S. § 102, 2202. Peoples Natural Gas provides natural gas transmission, distribution, and supplier of

last resort service to approximately 631,000 customers in all or portions of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Fayette, Greene, Indiana, Jefferson, Lawrence, Mercer, Somerset, Venango, Washington and Westmoreland.

Peoples Gas Company LLC

10. Peoples Gas is a limited liability company formed under the laws of the Commonwealth of Pennsylvania for the purposes of providing natural gas transmission, distribution, and supplier of last resort services subject to the Commission's regulatory jurisdiction.

11. Peoples Gas is a "public utility" and a "natural gas distribution company" as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa. C.S. § 102, 2202. Peoples Gas provides natural gas transmission, distribution, and supplier of last resort service to approximately 62,000 customers throughout its service territory, which includes all or portions of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Butler, Cambria, Clarion, Clearfield, Indiana, Jefferson, and Westmoreland.

III. THE PROPOSED RESTRUCTURING

12. Essential proposes to undertake a corporate restructuring (the "Proposed Restructuring"). The Proposed Restructuring involves the merger of Holdings with and into Funding, with Funding being the surviving entity. Funding will then be the only intermediate holding company between Essential and PNG. The Proposed Restructuring will eliminate an unnecessary layer in Essential's existing corporate structure. The existing corporate structure below Funding predates Essential's ownership.

13. The Proposed Restructuring is straightforward and involves no substantive change in the ultimate control of the Peoples Companies. Rather, it merely consolidates two existing intermediate holding companies and simplifies the corporate structure of Essential. In turn, this simplification will streamline management and operations within the Essential corporate structure. The Peoples Companies will remain 100% owned by their direct corporate parent, PNG. PNG will be directly owned 100% by Funding. There will be no changes in the management or operations of the Peoples Companies. Accordingly, there is no substantive change in control, merely the absorption of a redundant corporate entity. The proposed corporate structure is shown in “Appendix B”.

14. The Peoples Companies respectfully request a decision on the proposed consolidation and ensuing corporate structure by November 1, 2021.

IV. LEGAL STANDARD FOR COMMISSION APPROVAL OF THE PROPOSED RESTRUCTURING

15. Section 1102(a)(3) of the Public Utility Code, 66 Pa. C.S. § 1102(a)(3), provides, in relevant part, that the Commission’s prior approval, evidenced by a certificate of public convenience, is required:

For any public utility... to acquire from, or transfer to, any person or corporation... by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger, sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service.

16. To provide direction for future applicants, the Commission issued a Statement of Policy on October 22, 1994, establishing standards regarding the circumstances under which a transfer of voting interest constitutes a change in *de facto* control of the utility. The Commission’s Statement of Policy provides, in pertinent part, as follows:

(1) A transaction or series of transactions resulting in a new controlling interest is jurisdictional when the transaction or transactions result in a different entity becoming the beneficial holder of the largest voting interest in the utility or parent, regardless of the tier. A transaction or series of transactions resulting in the elimination of a controlling interest is jurisdictional when the transaction or transactions result in the dissipation of the largest voting interest in the utility or parent, regardless of the tier.

(2) For purposes of this section, a controlling interest is an interest, held by a person or group acting in concert, which enables the beneficial holders to control at least 20% of the voting interest in the utility or its parent, regardless of the remoteness of the transaction. In determining whether a controlling interest is present, voting power arising from a contingent right shall be disregarded.

52 Pa. Code § 69.901. Thus, Commission approval and the grant of a certificate of public convenience is required for any transaction that creates or eliminates a controlling interest and results in a different entity becoming the largest voting interest. The determination of the interests involved in a transaction considers all tiers of interest in the utility or parent of the utility and, thus, both direct and indirect ownership interests in a utility are considered under the Commission's Policy Statement.

17. There is no substantive change in control of the Peoples Companies resulting from the Proposed Restructuring as Essential will continue to own, directly or indirectly, all of the interests in all of the involved entities both before and after the Proposed Restructuring and PNG will remain as the direct corporate parent to the Peoples Companies. The only jurisdictional change occurring is that Holdings will be merged into Funding, thereby eliminating a tier of ownership. Nonetheless, the Commission made clear that internal reorganizations are subject to review and approval under Section 1102(a)(3) of the Public Utility Code, *Policy Statement Regarding Interpretation of 66 Pa. C.S. § 1102(a)(3)*, Docket No. M-930490, 1994 Pa. PUC LEXIS 56 (Order entered September 13, 1994). Specifically, the Commission stated:

Internal transactions usually involve corporate reorganizations which can have fundamental effect on the management and operations of a utility. Accordingly,

we believe that the legislature intended that these transactions be subject to regulatory review under Section 1102(a)(3) to the extent they constitute a transfer of de facto control as defined by the policy statement heretofore issued.

Policy Statement, 1994 Pa. PUC LEXIS 56 at *11.

18. Section 1103 of the Pennsylvania Public Utility Code sets forth the procedure to obtain certificates of public convenience. Under Sections 1102 and 1103 of the Public Utility Code, the Applicants must demonstrate that the party to whom the assets and service obligations are being transferred is legally, technically, and financially fit. *Seaboard Tank Lines*, 502 A.2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Township Mun. Auth. V. Pa. Publ. Util. Comm'n*, 138 A.2d 240, 243 (Pa. Super. 1958). There is a presumption of fitness for an existing owner of public utility facilities. *Lehigh Valley Transp. Servs. v. Pa. PUC*, 56 A.3d 49, 59 (Pa. Cmwlth. 2012); *See also South Hills Movers, Inc. v. Pa. PUC*, 601 A.2d 1308, 1310 (Pa. Cmwlth. 1992).

19. The Commission may issue a certificate of public convenience upon a finding that “the granting of such certificate is necessary **or** proper for the service, accommodation, convenience, or safety of the public.” 66 Pa.C.S. § 1103(a) (emphasis added). The Commonwealth Court recently determined that, in the context of an internal corporate restructuring, a utility need not show that the transaction will “affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way.” *City of York v. Pa. P.U.C.*, 295 A.2d 825, 828 (1972). Rather, “the Commission can conduct a disjunctive analysis . . . and . . . for the purposes of Section 1103(a), [u]tility must only establish – and the Commission need only find – that granting a [certificate of public convenience] would be ‘proper for the service... of the public.’” *PPL Elec. Util’s Corp. v. Pa. Publ. Util. Comm’n*, Docket No. 624 C.D. 2019, 2020 Pa. Commw. Unpub. LEXIS 521, *32-33 (Pa. Cmwlth. Oct. 27, 2020) (Internal citations omitted).

20. In construing the above standards, the Commission should consider that the express purpose of reviewing an internal reorganization is to determine whether this Proposed Restructuring is proper to effectuate “adequate, efficient, safe, and reasonable service.” Pa.C.S. § 1501. For reasons explained in the following section of this Application, the Proposed Restructuring is proper for the service of the public and will have no effect on the operations and management of the Peoples Companies’ existing utility service.

V. **PURPOSE AND EFFECTS OF THE PROPOSED RESTRUCTURING**

21. The Proposed Restructuring will streamline corporate operations between Essential and the Peoples Companies, by eliminating an unnecessary level of intermediate ownership. In turn, PNG will be better able to effectively manage the operations of the Peoples Companies within the proposed corporate structure as shown in “Appendix B.” In the context of the existing structure as shown in “Appendix A,” Essential will eliminate one corporate entity separating it from PNG for more efficient governance purposes. Since acquiring Holdings and Funding and their respective subsidiaries, including the Peoples Companies, Essential has recognized that the preexisting corporate structure above PNG has marked redundancies and does not provide offsetting benefits. To address these redundancies, Essential seeks approval to merge the existing Holdings and Funding and to leave Funding as the surviving entity.

22. The Peoples Companies will remain legally, technically, and financially fit after the Proposed Restructuring. The Proposed Restructuring will have no impact on the Peoples Companies’ ability to provide service. The Peoples Companies will continue to be directly owned by PNG. All existing management and financial resources will remain unchanged. Further, the Peoples Companies will maintain the same employees that they have currently and will provide the same services to their customers. PNG will be directly owned by Funding,

PNG's current indirect parent. Funding, after the merger with Holdings, will remain directly owned by Essential. The elimination of a redundant direct corporate parent of PNG will promote efficiency by providing a more effective and efficient structure.

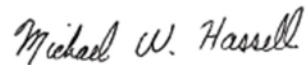
23. For the foregoing reasons, the Proposed Restructuring promotes the public interest and is proper for the service of the public.

VI. CONCLUSION

The Proposed Restructuring, as described in this Application, is proper for the service, accommodation and convenience of the public, and should be approved.

WHEREFORE, Peoples Natural Gas Company LLC and Peoples Gas Company LLC respectfully request that the Pennsylvania Public Utility Commission approve this Application by November 1, 2021, and grant all necessary or appropriate relief authorizing the Proposed Restructuring.

Respectfully submitted,



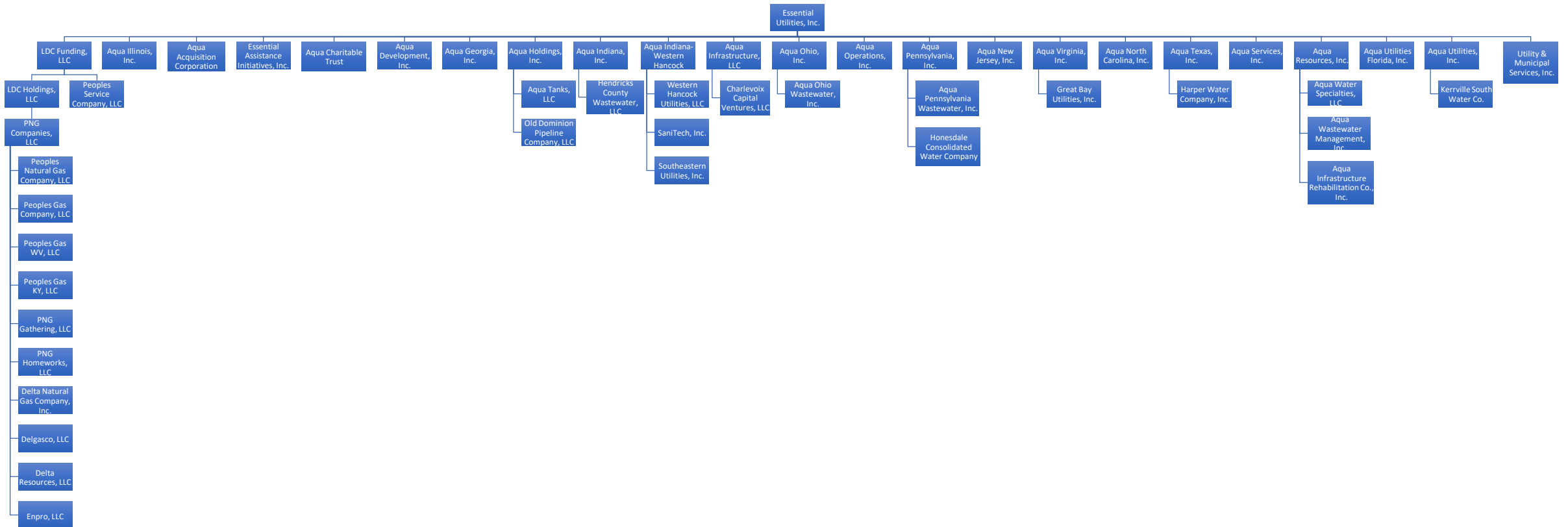
Michael W. Hassell (ID #34851)
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Email: William.h.roberts@peoples-gas.com

Counsel for the Peoples Companies

APPENDIX A

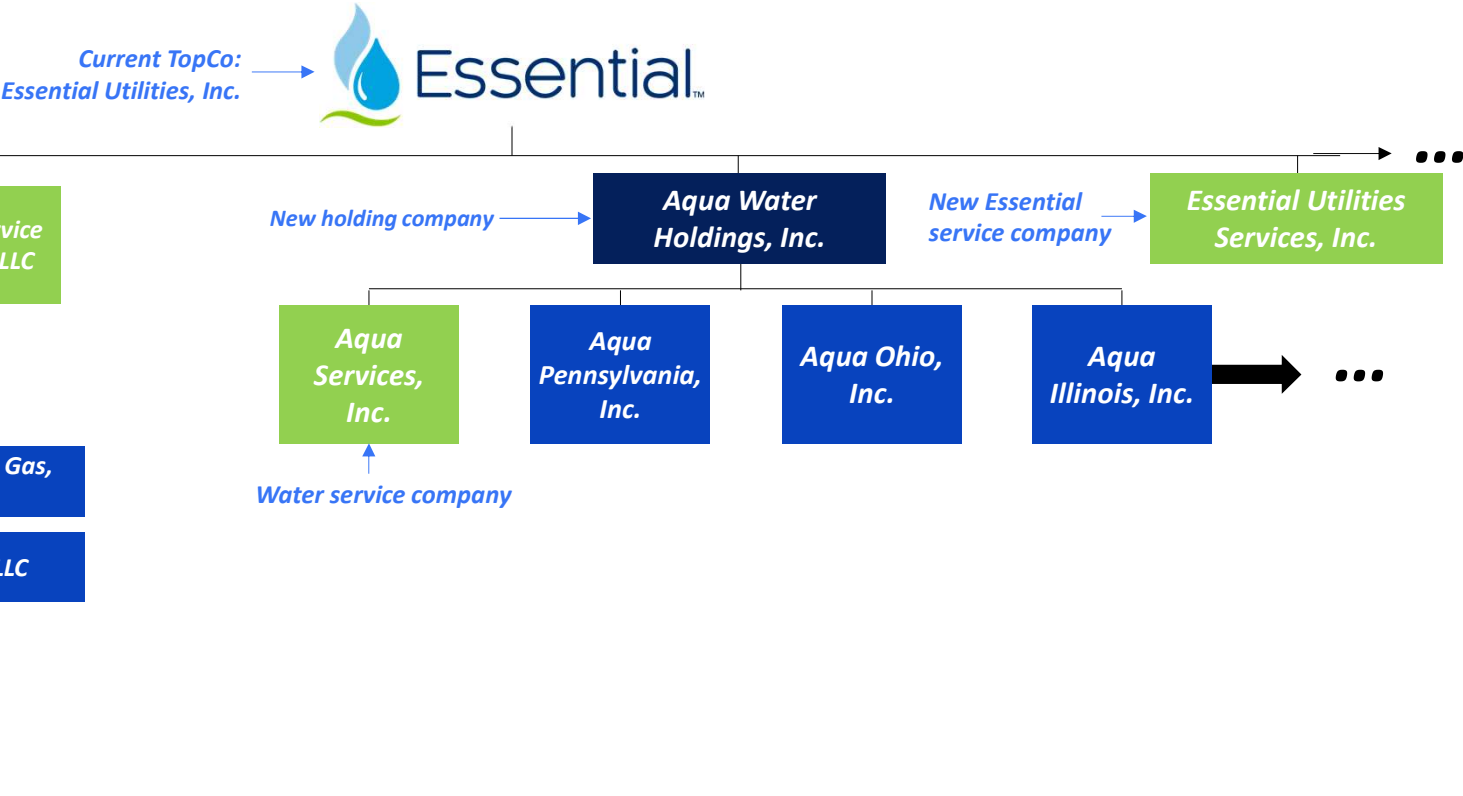
Essential Utilities, Inc. Corporate Structure



APPENDIX B

Basic Proposed Structure (not comprehensive)

Finished



VERIFICATION

I, Andrew P. Wachter, being Director, Finance and Regulation at PNG Companies LLC, hereby state that the facts set forth above are true and correct to the best of my knowledge, information, and belief and that I expect Peoples Natural Gas Company LLC and Peoples Gas Company LLC to be able to prove the same at a hearing held in this matter. I understand that statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: June 23, 2021


Andrew P. Wachter



Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Harrisburg, PA 17105-3265
EFILING - FILING DETAIL

Date Created	Filing Number
6/23/2021	2183927

Your filing has been electronically received. Upon review of the filing for conformity with the Commission's filing requirements, a notice will be issued acknowledging acceptance or rejection (with reason) of the filing. The matter will receive the attention of the Commission and you will be advised if any further action is required on your part.

The date filed on will be the current day if the filing occurs on a business day before or at 4:30 p.m. (EST). It will be the next business day if the filing occurs after 4:30 p.m. (EST) or on weekends or holidays.

Representing: Peoples Natural Gas Company LLC and Peoples Gas

Case Description: Joint Application of Peoples Natural Gas Company LLC and Peoples Gas Company LLC for Approval of Intercompany Restructuring

Transmission Date: 6/23/2021 4:23 PM

Filed On: 6/23/2021 4:23 PM

eFiling Confirmation Number: 2183927

Filing Fee: \$350.00

File Name	Document Type	Upload Date
Peoples - filing letter.pdf	Application to Acquire or Transfer Assets (Fixed Utility)	6/23/2021 4:23:49 PM

For filings exceeding 250 pages, the PUC is requiring that filers submit one paper copy to the Secretary's Bureau within three business days of submitting the electronic filing online. Please mail the paper copy along with copy of this confirmation page to Secretary, Pennsylvania Public Utility Commission, 400 North Street, Harrisburg PA 17120 a copy of the filing confirmation page or reference the filing confirmation number on the first page of the paper copy.

No paper submission is necessary for filings under 250 pages.

You can view a record of this filing and previous filings you have submitted to the PUC by using the links in the Filings menu at the top of the page. Filings that have been submitted within the last 30 days can be viewed by using the Recent Filings link. Older filings can be viewed by using the search options available in the Filing History link.

01:33 PM JUL 07 2021 EXEC SEC DIV



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E-Mail: rrodecker@kaycasto.com

Direct: 304/391-8838

July 7, 2021

VIA EMAIL: caseinfo@psc.state.wv.us

Ms. Connie Graley
Executive Secretary
Public Service Commission
of West Virginia
201 Brooks Street
Charleston, West Virginia 25301

RE: CASE NO. 21- 0529 -G-P
PEOPLES GAS WV LLC

Petition for determination that *W. Va. Code §24-2-12*
does not apply to proposed transaction, or in the
alternative for transaction approval

Dear Ms. Graley:

Enclosed herein on behalf of Peoples Gas WV LLC please find the "Petition for Determination that *W. Va. Code § 24-2-12* Does Not Apply to Proposed Transaction, or in the Alternative for Transaction Approval."

Please note my appearance and that of John R. McGhee, Jr., as counsel for Peoples Gas WV LLC.

Please contact me if you should have any questions.

Sincerely,

Robert R. Rodecker
WV State Bar No. 3145

enclosures

CHARLESTON • MORGANTOWN • MARTINSBURG

 MERITAS LAW FIRMS WORLDWIDE

01:33 PM JUL

07 2021 EXEC SEC DIV

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 21-_____ -G-PC

PEOPLES GAS WV LLC and AQUA AMERICA, INC.

Petition for determination that *W. Va. Code §24-2-12* does not apply to proposed transaction, or in the alternative for transaction approval.

**PETITION FOR DETERMINATION THAT *W. VA. CODE §24-2-12*
DOES NOT APPLY TO PROPOSED TRANSACTION, OR IN THE
ALTERNATIVE FOR TRANSACTION APPROVAL**

Peoples Gas WV LLC ("PGWV"), by counsel, seeks a Commission determination that the merger of two existing limited liability companies in the ownership structure of PGWV does not require Commission approval as a "change in control" under *W. Va. Code §24-2-12*. In the alternative, PGWV requests Commission approval under that section.

1. The name and address of the Petitioner is:

Peoples Gas WV LLC
375 North Shore Drive
Pittsburgh, Pennsylvania 15212

2. Counsel for the Petitioner are:

Robert R. Rodecker (WVSB No. 3145)
John R. McGhee, Jr. (WVSB No. 5205)
KAY CASTO & CHANEY PLLC
Chase Tower, 15th Floor
Post Office Box 2031
Charleston, West Virginia 25327
(304) 345-8900
rrodecker@kaycasto.com
jmcghee@kaycasto.com

3. PGWV is a West Virginia limited liability company that provides natural gas service within its service territory in West Virginia. PGWV provides natural gas to approximately 12,744 customers in all or portions of the following West Virginia counties: Barbour, Braxton, Clay, Doddridge, Gilmer, Harrison, Lewis, Marion, Marshall, Monongalia, Ritchie, Taylor, Tyler, Upshur, and Wetzel.

4. In Case No. 18-1475-G-PC, on November 20, 2018, PGWV and Aqua America, Inc. ("Aqua") jointly petitioned the Commission for its prior consent and approval for Aqua to indirectly acquire all of the issued and outstanding limited liability company membership interests of PGWV (the "Acquisition Proceeding").

5. On April 23, 2019, the Commission approved the proposed transaction (the "Proposed Transaction") whereby Aqua would acquire indirectly all of the issued and outstanding limited liability company membership interests of PGWV.

6. With the exception of the fact that on January 16, 2020, Aqua changed its name to "Essential Utilities, Inc. ("Essential"),¹ PGWV has had the same ownership structure since 2019 when the Commission approved the Aqua Acquisition. A copy of the current ownership structure is attached hereto as Exhibit 1 to this Petition.

PGWV and Related Entities

7. Essential is a water, wastewater and natural gas utility holding company organized under the laws of the Commonwealth of Pennsylvania that owns all of the issued and outstanding limited liability company membership interests of LDC Funding LLC ("LDC Funding").

¹ See, Essential Utilities, Inc.'s, June 4, 2020 Response to Commission Order in Case No. 20-0329-G-P

8. LDC Funding is a Delaware limited liability company that owns all of the issued and outstanding limited liability company membership interests of LDC Holdings LLC (“LDC Holdings”).

9. LDC Holdings is a Delaware limited liability company that owns all of the issued and outstanding limited liability company membership interests of PNG Companies LLC (“PNG”).

10. PNG is a Delaware limited liability company that owns all of the issued and outstanding limited liability company membership interests of PGWV, Peoples Natural Gas Company LLC, a Pennsylvania limited liability company, Peoples Gas Company LLC, a Pennsylvania limited liability company, Peoples Gas KY LLC, a Kentucky limited liability company, and Delta Natural Gas Company, Inc., a Kentucky corporation (the “Peoples Interests”)

The Proposed Restructuring

11. Essential proposes to undertake a corporate restructuring (the “Proposed Restructuring”). The Proposed Restructuring involves the merger of LDC Holdings with and into LDC Funding (the “Merger”), with LDC Funding being the surviving entity. Subsequent to the merger of LDC Holdings into its parent company, LDC Funding, LDC Holdings will no longer exist and LDC Funding will own 100% of the interests of PNG. PNG will remain the parent company of PGWV, still owning 100% of the interest of PGWV. The Proposed Restructuring will eliminate an unnecessary layer in Essential’s existing corporate structure which predates Essential’s ownership. The Merger is consistent with and in furtherance of the long-term business strategy Essential and the Board of Managers of each have proposed to enter into an agreement to that effect.

12. PGWV asks the Commission to determine that the Merger does not require Commission approval in that the only subsection of *W.Va. Code §24-2-12* that could be considered applicable to the merger is that of an indirect “change in control” under *W.Va. Code §24-2-12(g)*. However, *Code §24-2-12(g)* specifically states that:

Unless the consent and approval of the Public Service Commission of West Virginia is first obtained:

* * *

(g) no person or corporation, may acquire either directly or indirectly a majority of the common stock of any public utility organized and doing business in this State.

13. As stated in paragraph 3. above, PGWV is a limited liability company (“LLC”). LLC’s do not issue common stock as indicia of ownership in the company, but instead are owned by membership interests. Because PGWV does not have stock, the Merger does not result in a stock transaction as contemplated by *W.Va. Code §24-2-12(g)* and consequently does not fall under the types of transactions which require advance Commission approval.

14. The Proposed Restructuring and Merger are straightforward and involve no substantive change in the ultimate control of PGWV. Rather, it merely consolidates two existing intermediate holding companies and simplifies the corporate structure of Essential. In turn, this simplification will streamline management and operations within the Essential corporate structure. PGWV will remain 100% owned by its direct corporate parent, PNG. PNG will be directly owned 100% by LDC Funding. There will be no changes in the management or operations of PGWV. Accordingly, there is no substantive change in control, merely the absorption of a redundant corporate entity. The proposed corporate structure is shown in Exhibit 2 attached hereto.

15. Notwithstanding the fact that the Merger is not subject to the specific language of *W.Va. Code §24-2-12(g)*, PGWV represents that no aspect of PGWV's operations or service to customers will be affected by the Merger. The terms and conditions of the Merger are reasonable, neither party is given an undue advantage over the other, and the Merger will not adversely affect the public in this State.

16. If for any reason the Commission should determine that the Merger would constitute a "change in control" under *W.Va. Code §24-2-12(g)*, PGWV respectfully requests that the Commission approve the Merger.

Based upon the foregoing, PGWV respectfully requests that the Commission enter an Order or Orders no later than November 1, 2021:

- a. Determining that the Merger is not a "change in control" under *W.Va. Code §24-2-12(g)*, or in the alternative, approving the Merger under *W.Va. Code §24-2-12(g)*;
- b. Retaining this case;
- c. Waiving notice and hearing; and
- d. Granting such other relief as may be necessary.

Respectfully submitted,

PEOPLES GAS WV LLC

By Counsel



Robert R. Rodecker (WV State Bar No. 3145)

John R. McGhee, Jr. (WV State Bar No. 5205)

Kay Casto & Chaney PLLC

Post Office Box 2031

Charleston, WV 25327

Telephone: (304) 345-8900

Email: rrodecker@kaycasto.com

jmcghee@kaycasto.com

EXHIBIT 1

CURRENT OWNERSHIP STRUCTURE

Essential Utilities, Inc. Corporate Structure

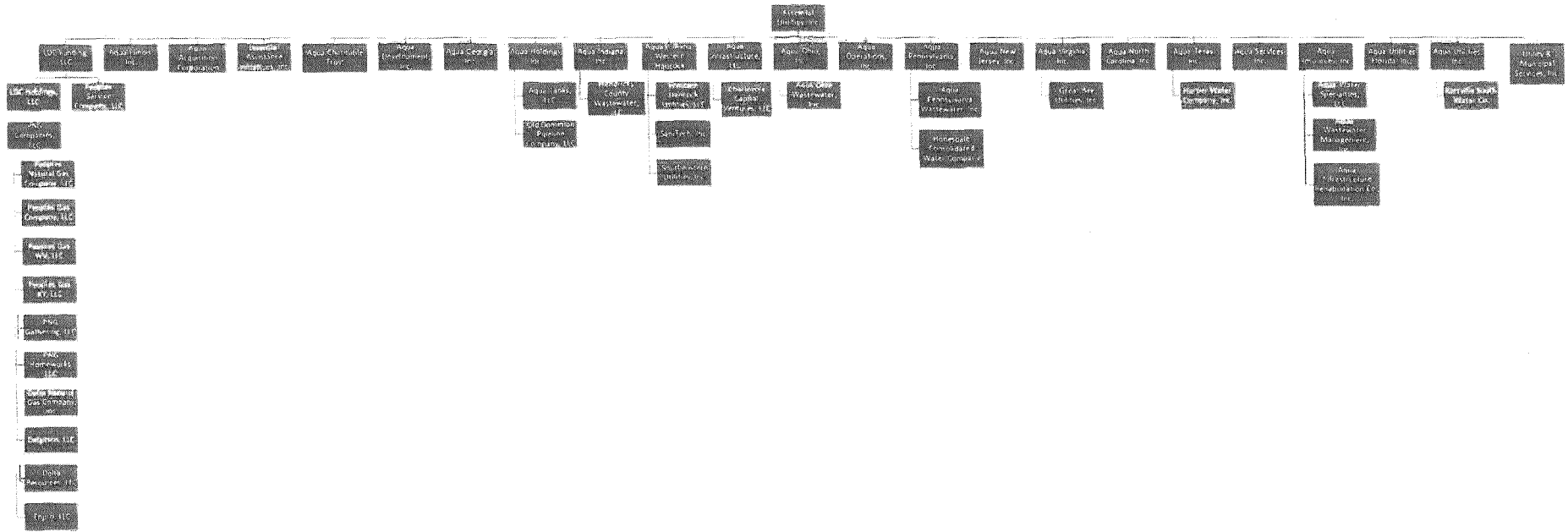
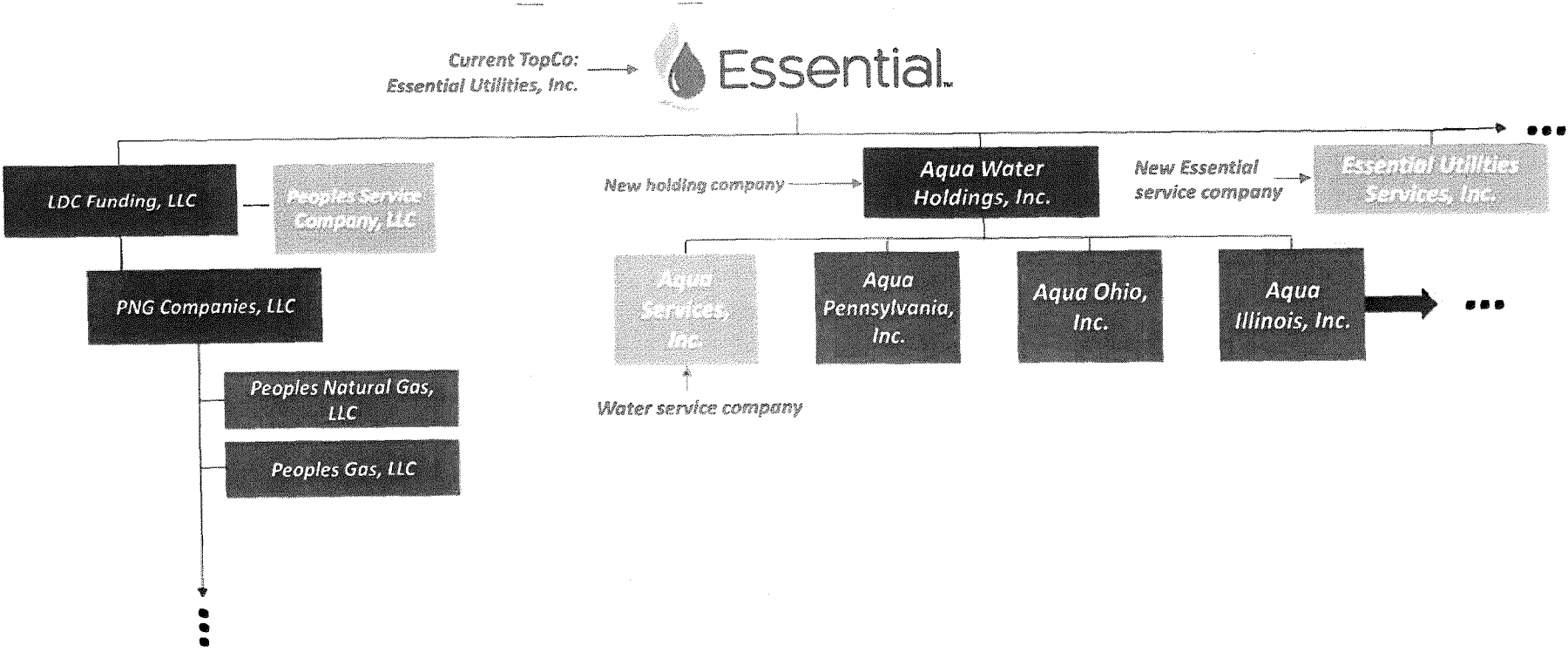


EXHIBIT 2

PROPOSED CORPORATE STRUCTURE

Basic Proposed Structure (not comprehensive)

Finished



VERIFICATION

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF ALLEGHENY, to-wit:

Michael Turzai, General Counsel of PNG Companies LLC, being duly sworn, says that he has reviewed the foregoing Petition for Determination that *W. Va. Code §24-2-12 Does Not Apply to Proposed Transaction, or in the Alternative for Transaction Approval*, and that the facts and allegations therein contained are true, except so far as they are therein stated to be on information, and that, so far as they are therein stated to be on information, he believes them to be true.

Michael Turzai

MICHAEL TURZAI

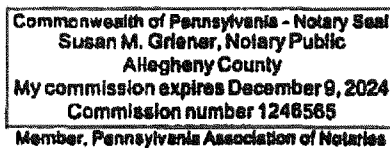
Taken, sworn to and subscribed before me by Michael Turzai in his capacity as General Counsel of PNG Companies, LLC on this 7th day of July, 2021.

Susan M. Greener

Notary Public

My commission expires on the 9 day of December, 2024.

SEAL



DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

4. Identify, explain, and quantify any federal, state, or local tax implications or any other expense the proposed changes in Essential's corporate structure would create if the proposed change were approved by the Commission.

Response: The Joint Applicants are not aware of any tax implications or expenses associated with the proposed change.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

5. Refer to the Application, page 5, paragraph 9. Explain and quantify how the consolidation of LDC Funding and LDC Holdings is expected to streamline operations and management within Essential.

Response: The consolidation of LDC Funding and LDC Holdings will streamline operations and management by eliminating a redundant corporate entity.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

6. Identify, explain, and quantify any changes to service Essential expects as part of the proposed changes in corporate structure. If none, explain why Essential believes this proposed change will not impact service.

Response: Essential does not expect any change to service as a result of the proposed elimination of the corporate entity because it involves only the elimination of a redundant corporate entity that does not provide services to Delta.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

7. Explain whether the proposed transaction will impact the number of current employees at Delta, and if so, how the number of current employees will be impacted.

Response: There will be no impact or change to the current employees at Delta as a result of the proposed transaction.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

8. Explain whether the proposed transaction will have an effect on rates charged by Delta, and if so, what the effect will be.

Response: There will be no impact or change to the rates charged by Delta as a result of the proposed transaction.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

9. Explain whether the proposed transaction will have an effect on Delta's service to its customers, and if so, what the effect will be.

Response: There will be no impact on Delta's service to customers as a result of the proposed transaction.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

10. State whether Delta will be directly or indirectly allocated any costs associated with the proposed transaction. If so, provide the estimated costs that will be allocated to Delta.

Response: Other than the costs associated with the regulatory proceeding, there will be no costs associated with the proposed transaction.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

11. Explain whether Delta or its ratepayers will incur any additional indebtedness or pledge any assets to finance any part of the costs associated with the proposed transaction.

Response: There will be no additional indebtedness or pledge of assets to finance any part of the costs associated with the proposed transaction.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

12. Explain whether the proposed transaction will result in any changes to the commitments made by PNG, Essential, previously known as Aqua America, Inc. (Aqua America), and Delta in Case No. 2018-00369.¹

Response: There will be no changes to the prior commitments made by PNG, Essential or Delta.

Sponsoring Witness: John B. Brown

¹ Case No. 2018-00369 *Electronic Joint Application Of Aqua America, Inc. Steelriver Infrastructure Fund North America LP, Steelriver LDC Investments LP, LDC Parent LLC, LDC Funding LLC, LDC Holding, 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 of PNG Companies LLC and Delta Natural Gas Company, Inc.* (Ky. PSC Mar 13, 2019).

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

13. Explain and quantify how Delta's customers have benefited from economies of scale following the Commission's approval of the acquisition of ownership and control of Delta and PNG by Essential, previously known as Aqua America, in Case No. 201800369.²

Response: Delta, PNG and Essential continue to look for ways to become more efficient and streamlined. For over a year, Delta and its subsidiaries have been focused on providing reliable natural gas service in a safe manner for its employees and customers. By being part of the Essential family of utilities, Delta has been able to implement SAP for a lower cost than if Delta implemented it on a stand-alone basis, as Delta was able to share in the costs. Moreover, Delta has had access to favorable capital costs, as compared to the interest rates it obtained as a standalone utility. Other examples include the cost of insurance and medical premiums.

Sponsoring Witness: John B. Brown

²*Id.*

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

14. Explain whether the acquisition approved by the Commission in Case No. 2018-00369 has resulted in an acceleration or improved efficiency of Delta's pipeline replacement program.

Response: The transaction closed on March 16, 2020. Delta's pipeline replacement program remained on track during this time.

Sponsoring Witness: John B. Brown

**DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283**

**FIRST PSC DATA REQUEST
DATED JULY 28, 2021**

15. Describe and quantify how the acquisition approved by the Commission in Case No. 2018-00369 has affected Delta's customer service and emergency response.

Response: Delta has implemented SAP since the acquisition approved by the Commission in Case No. 2018-00369. While customers' experience has remained consistent, customers will soon have access to additional capabilities. By being on PNG's SAP system, Delta now has the ability to implement PNG's customer self-service portal (referred to as Peoples e-Account). The Delta version of e-Account would have the same functionality as PNG but would be branded for Delta (company name, logos, contact info, etc.) The e-Account portal offers customers a variety of self-service capabilities including:

- Maintenance of customer account information such as bill-to address, contact phone numbers, email address, e-billing preferences, marketing info opt in/out, payment methods, property information, and notification preferences.
- View current and previous bill images and billing/payment history.
- Make payments via credit card, debit card, or ACH.
- Enroll in mobile wallet payment via moBills.
- Set up recurring payments and/or enroll in auto-draft payments.
- Enroll in budget billing.
- Initiate a payment arrangement.
- View and compare monthly usage and billing history over the past two years.
- Generate a statement of account showing all historical financial activity for the account.

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

- Receive email and/or text notifications for bills, payment reminders, and other events.
- Correspond electronically with Customer Service.
- Start, transfer, and stop service.
- Access information on gas-saving tips, assistance programs, and other useful topics.

The customer self-service portal can be accessed via browser as well as iOS and Android mobile devices.

Sponsoring Witness: John B. Brown

**DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283**

**FIRST PSC DATA REQUEST
DATED JULY 28, 2021**

16. Describe how the acquisition approved by the Commission in Case No. 2018-00369 has affected in Delta's system for mapping and managing pipeline facilities.

RESPONSE: Delta has implemented a Geographic Information System ("GIS") using the ESRI platform. This will improve the tracking of gas assets as they are being installed and mitigate system risk by improving the identification and location of pipeline components for reporting. Currently, Delta employees in the field use map books that are only updated quarterly. The new GIS system will update in real time and improve safety, productivity, and efficiency. Delta's parent company, PNG, had previously implemented this GIS system, allowing Delta to implement the system at a lower cost than if Delta had done so on a standalone basis.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283

FIRST PSC DATA REQUEST
DATED JULY 28, 2021

17. State how Essential intends to comply with the Commission's finding that Essential, previously known as Aqua America, should arrange for meetings between its chief executive and the Commission or Commission Staff at least once every two years.³

- a. Confirm whether any of the meetings described above have occurred.
- b. If yes, list the dates of these meetings.

RESPONSE: Confirmed. Delta, PNG and Essential personnel met with Commission Staff and the Commission virtually on April 22, 2020 in person on May 12, 2021 to provide a general update on the company.

Sponsoring Witness: John B. Brown

³ *Id.*

**DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00283**

**FIRST PSC DATA REQUEST
DATED JULY 28, 2021**

18. Describe and quantify how the proposed transaction will benefit Delta ratepayers.

RESPONSE: The proposed transaction will benefit Delta ratepayers through the elimination of a redundant corporate entity. There are no savings that can be quantified at this time. The Commission's review under KRS 278.300 is whether LDC Funding has "the financial, technical, and managerial abilities to provide reasonable utility service." Here, the indirect acquiring entity—LDC Funding—already has indirect ownership and control of Delta. The Commission recently held that the Joint Applicants, including LDC Funding, have "the financial, technical, and managerial abilities to provide reasonable utility service."⁴ In addition, none of Delta's, PNG's, LDC Funding's, or Essential's management or personnel will change as a result of the Proposed Restructuring, and the Proposed Restructuring will have no adverse impact on any of the post-merger Joint Applicants' financial, technical, and managerial abilities to provide reasonable utility service through Delta.

Sponsoring Witness: John B. Brown

⁴ *Electronic Joint Application 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 an Approval of an Acquisition of Ownership and Control of PNG Companies LLC and Delta Natural Gas Company, Inc.*, Case No. 2018-00369, Order (Mar. 13, 2019); *Electronic Joint Application of PNG Companies LLC, Drake Merger Sub Inc., and Delta Natural Gas Company, Inc. for Approval of an Acquisition of Ownership and Control of Delta Natural Gas Company, Inc.*, Case No. 2017-00125, Order (July 13, 2017).

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF)	
ESSENTIAL UTILITIES, INC., LDC)	
FUNDING, LLC, LDC HOLDING LLC,)	CASE NO.
PNG COMPANIES LLC, AND DELTA)	2021-00283
NATURAL GAS COMPANY, INC.)	
FOR APPROVAL OF AN INDIRECT)	
CHANGE OF CONTROL OF DELTA)	
NATURAL GAS COMPANY, INC.)	

VERIFICATION

The undersigned, **John B. Brown**, being duly sworn, deposes and states that he is President of Delta Natural Gas Company, Inc. and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



John B. Brown

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 4th day of August, 2021.



Notary Public (SEAL)

My Commission Expires:
6/20/24

