

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF AQUA)	
AMERICA, INC., STEELRIVER INFRASTRUCTURE)	
FUND NORTH AMERICA LP, STEELRIVER LDC)	CASE NO.
INVESTMENTS LP, LDC PARENT LLC, LDC)	2018-00369
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.)	

COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION
TO AQUA AMERICA, INC., PNG COMPANIES LLC, AND
DELTA NATURAL GAS COMPANY, INC.

Aqua America, Inc. (Aqua America), PNG Companies, LLC (PNG), and Delta Natural Gas Company, Inc. (Delta) (collectively, Joint Applicants), pursuant to 807 KAR 5:001, are to file with the Commission the original and an electronic version of the following information. The information requested herein is due on February 25, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

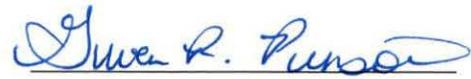
Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the

preparer or the 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.

Joint Applicants shall make timely amendment to any prior response if they obtain information that indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Joint Applicants fail or refuse to furnish all or part of the requested information, Joint Applicants shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Joint Applicants shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

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



Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED **FEB 14 2019**

cc: Parties of Record

APPENDIX

APPENDIX TO A REQUEST FOR INFORMATION OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00369 DATED **FEB 14 2019**

1. Aqua America commits to maintain Delta's headquarters in Winchester, Kentucky, following the closing of the acquisition.
2. Aqua America commits to operate the surviving entity under the name "Delta Natural Gas" and use its current logo.
3. Aqua America commits to maintain Delta's historic levels of community involvement, charitable contributions, low-income funding, and economic development efforts in Delta's current operating areas.
4. Aqua America commits to provide compensation, benefits, and severance protection to non-executive employees of Delta as set out in the Purchase Agreement, Section 5.6.
5. Aqua America commits to honor the existing employment agreement between PNG and John Brown.
6. Aqua America commits to having an independent director on Delta's post-closing board of directors.
7. Aqua America, PNG, and Delta commit that neither Delta nor its ratepayers, directly or indirectly, will incur any additional costs, liabilities, or obligations related to the acquisition of Delta.
8. Aqua America, PNG, and Delta commit that they will not seek to recover costs associated with the transaction in Delta's rates.
9. Aqua America, PNG, and Delta commit that they will not utilize pushdown accounting in any manner arising from the transaction contemplated in this case.

10. Aqua America, PNG, and Delta commit that they will file an application and seek Commission approval prior to entering into any agreement with a service company.

11. Aqua America, PNG, and Delta commit that Delta will give clear and conspicuous notice to its customers prior to any change in services resulting from the contemplated transaction.

12. Aqua America, PNG, and Delta commit that Delta ratepayers will not be asked to contribute to costs associated with operating any PNG utility, including People's KY Gas, LLC.

13. Aqua America, PNG, and Delta commit that Delta will not guarantee the credit of any affiliates if the transaction is approved.

14. Aqua America, PNG, and Delta commit they will not seek recovery for any costs to achieve the transaction or costs to achieve initial savings associated with the transaction from Delta's ratepayers.

15. Aqua America, PNG, and Delta commit that Delta will not be required to pledge any of its assets to finance the debt or any purchases of its affiliates.

16. Aqua America, PNG, and Delta commit that Delta will not be required to grant liens or encumbrances, or otherwise pledge any of their assets to finance any of the costs of the transaction.

17. Aqua America, PNG, and Delta commit that neither Delta nor its ratepayers will 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.

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

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

20. Aqua America, PNG, and Delta commit that they will seek Commission approval of any necessary affiliate agreements prior to entering into such agreements.

21. Aqua America, PNG, and Delta commit to limit Delta's dividend payable to PNG to a level that maintains a maximum debt-to-capitalization ratio at the utility, excluding working capital borrowing, of 55 percent.

22. Aqua America, PNG, and Delta commit that Delta will not (a) guarantee debt or credit facilities of any PNG affiliate; (b) mortgage utility assets on behalf of an affiliate; and (c) loan funds or otherwise extend credit to any affiliate.

23. Aqua America, PNG, and Delta commit that, in the event severance is payable to a Delta employee pursuant to the terms in Section 5.6 of the Purchase Agreement, any severance paid would be considered a transaction cost and would not be recovered through Delta's rates.

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

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

26. Aqua America, PNG, and Delta commit to provide the names of all directors of Delta's post-closing board of directors, together with a short biographical description of each board member.

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

28. Aqua America, PNG, and Delta commit that if PNG Companies, LLC, or any of its affiliates are the sources for any charges to Delta, they agree to allow the Commission to audit the accounting records of those affiliates.

29. Aqua America, PNG, and Delta commit they will not cross-subsidize between their regulated and non-regulated businesses.

30. Aqua America, PNG, and Delta commit that the accounting and ratemaking treatments of Delta's excess deferred income taxes will not be affected by the transaction.

31. Aqua America, PNG, and Delta commit that Delta's customers will experience no adverse change in service if the transaction is approved.

32. Aqua America, PNG, and Delta commit that they will not achieve merger savings at the expense of degrading the adequacy and reliability of Delta's retail gas service.

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

34. Aqua America, PNG, and Delta commit that the proposed transaction will not result in any write-ups, write-offs, or restatements of financial results.

35. Aqua America, PNG, and Delta commit that Delta ratepayers will not be responsible for any termination, or other fees or expenses paid should the contemplated transaction not be consummated.

36. Aqua America, PNG, and Delta commit that no additional stock of any class will be issued by Delta as a condition of the transaction's consummation.

37. Aqua America, PNG, and Delta commit that any costs associated with Delta's use of the SAP-based Customer Information System will be capitalized and accounted for in the appropriate Federal Energy Regulatory Commission account.

38. Aqua America, PNG, and Delta commit that any changes to the Delta Pipeline Replacement Program will be filed with the Commission and approval of any changes contemplated will be sought at that time.

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

*Allison Brown
Wyatt, Tarrant & Combs, LLP
500 West Jefferson Street
Suite 2800
Louisville, KENTUCKY 40202-2898

*Monica Braun
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Peoples Gas KY, LLC
375 North Shore Drive
Suite 600
Pittsburgh, PA 15212

*Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391

*Honorable Byron J Leet
Wyatt, Tarrant & Combs, LLP
250 West Main Street
Suite 1600
Lexington, KENTUCKY 40507-1746

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Frank Mellen
Wyatt, Tarrant & Combs, LLP
500 West Jefferson Street
Suite 2800
Louisville, KENTUCKY 40202-2898

*Richard Northern
Wyatt, Tarrant & Combs, LLP
500 West Jefferson Street
Suite 2800
Louisville, KENTUCKY 40202-2898

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Honorable Robert M Watt, III
Attorney At Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Kent Chandler
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204