

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

IN THE MATTER OF THE JOINT	:	
APPLICATION OF UTILITY PIPELINE	:	CASE NO. 17-1785-GA-ATR
LTD, LUDLOW NATURAL GAS	:	
COMPANY, LLC AND KNOX ENERGY	:	
COOPERATIVE ASSOCIATION FOR	:	
APPROVAL OF THE TRANSFER OF	:	
ASSETS AND SUBSTITUTION OF	:	
<u>SERVICE</u>	:	

**LUDLOW NATURAL GAS COMPANY, LLC, UTILITY PIPELINE LTD, AND KNOX
ENERGY COOPERATIVE ASSOCIATION'S JOINT APPLICATION
FOR TRANSFER OF ASSETS AND SUBSTITUTION OF SERVICE**

I. Introduction

Pursuant to Ohio Revised Code (“O.R.C.”) §§ 4905.05 and 4905.06 and the Public Utilities Commission of Ohio’s (“PUCO’s” or “Commission’s”) Finding and Order entered on April 17, 2017, in *In the Matter of the Commission’s Investigation into Ohio Rural Natural Gas Co-op and Related Matters*, Case No. 16-1578-GA-COI (the “Investigation Case”), Ludlow Natural Gas Company (“Ludlow”), Knox Energy Cooperative Association (“Knox”), and Utility Pipeline, Ltd. (“UPL”) (together, the “Applicants”) respectfully submit this Joint Application for Transfer of Assets and Substitution of Service (the “Application”) to the PUCO to: (1) authorize the transfer of all of Ludlow’s regulated assets (the “System”) and its natural gas service customer accounts (the “Customers”) to UPL; and (2) to the extent Commission approval is required, authorize UPL to then assign the System and the Customers to Knox, which will be the natural gas distribution company that actually provides service to the Customers.

II. Joint Application

In support of the Application, the Applicants state the following:

The Parties

1. Ludlow is a “public utility” as defined in Section 4905.02 of the Ohio Revised Code (“O.R.C.”), and a “natural gas companies” as defined in Section 4905.03(E) of the O.R.C. Pursuant to O.R.C. §§ 4905.02 and 4905.04, the Commission has jurisdiction over Ludlow.
2. Knox is a “natural gas company” as defined in Section 4905.03(E) of the O.R.C., but it is not a public utility because it is a cooperative association. *See* O.R.C. § 4905.02(A)(3). While the Commission does not have general jurisdiction over Knox because it is not a public utility, the Commission does have jurisdiction over Knox regarding pipeline safety matters under O.R.C. § 4905.90, *et seq.*
3. Knox currently serves approximately 20,000 owner-customers located in Ohio and Pennsylvania.
4. UPL is a privately-owned corporation involved in pipeline construction and utility support services in Ohio and surrounding states. UPL also owns numerous natural gas distribution systems in Ohio, Indiana, Pennsylvania, Virginia, and West Virginia. Through several natural gas cooperatives it manages, UPL provides natural gas service to approximately 50,000 end users.
5. UPL designed, constructed and financed Knox’s natural gas distribution system, and UPL has operated and managed that system since it was put into service in January of 1999.

The Investigation Case

6. The Finding & Order the Commission issued in the Investigation Case approved and adopted in its entirety the Stipulation and Recommendation (the “Stipulation”) filed by Ohio Rural Natural Gas Co-op (“ORNG”), Ludlow, and Staff on April 14, 2017.
7. Pursuant to the Stipulation as adopted by the Finding & Order and later modified by the Attorney Examiner’s Entry filed in the Investigation Case on July 18, 2017, on or before July 31, 2017, Ludlow (which now owns and operates all of the ORNG Co-op assets at issue in the Investigation Case) is to “sell or transfer its assets and operations to a person or entity approved by the Commission,” which “person or entity shall have no affiliation with Richard Osborne, ORNG, Ludlow, or another entity affiliated with Richard Osborne.” (Finding & Order, at 6.)
8. The System that is the subject of this Application includes all of the assets at issue in the Investigation Case.
9. Neither UPL nor Knox has any affiliation with Richard Osborne, ORNG or Ludlow.
10. Approval of the instant Application will therefore fulfill the requirements of the Finding & Order.

The Proposed Transactions

11. The System to be transferred from Ludlow to UPL, assuming the Commission approves this Application, consists of pipelines located in Lake, Geauga, Mahoning, Holmes, and Trumbull Counties, which are more particularly identified in the system maps attached as Exhibit 1 to this Application. (Note that the systems being transferred are identified as ORNG or Ohio Rural Natural Gas in the attached Exhibit. Pipelines and facilities of

other companies are shown on the maps for reference purposes only and are not included in the assets being transferred.)

12. Per the terms of the purchase agreement between Ludlow and UPL (the “Agreement”), Ludlow will transfer the System and its Customer accounts to UPL upon the Commission’s approval of this Application.
13. A copy of the Agreement, for which the parties seek confidential treatment through a motion for protective order filed contemporaneously herewith, is attached as Exhibit 2 and filed under seal. (Exhibit 2 will be late-filed as the agreement is still in the process of finalization.)
14. A list of the Customers to be transferred is attached as Exhibit 3 and is filed under seal.
15. UPL will then immediately assign the System and the Customers to Knox and will operate and manage the System for Knox pursuant to the assignment agreement between UPL and Knox, a copy of which is attached as Exhibit 4. (Exhibit 4 will be late-filed as the assignment agreement is still in the process of finalization.)
16. The Applicants assure the Commission that there will be no interruption in service to customers during the transfer of assets, especially when considering that UPL is currently managing and operating the System pursuant to an agreement between Ludlow and UPL. (A copy of that agreement between Ludlow and UPL was previously provided to Staff on a confidential basis.)
17. Upon the consummation of the transaction, UPL/Knox will provide adequate, reliable, and uninterrupted gas service to the acquired Customers, and Ludlow will cease to provide any services to the Customers. As part of the substitution of service, the Customers transferred to Knox will be converted to cooperative members, at no cost to

the Customers. Their natural gas rates will be set by the Knox Board, which oversees purchasing and hedging decisions for the natural gas commodity and related services.

Legal Discussion

18. Pursuant to O.R.C. § 4905.48(B), “[a]ny public utility may purchase or lease the property, plant, or business of any other such public utility.”
19. Pursuant to O.R.C. § 4905.48(C), “[a]ny such public utility may sell or lease its property or business to any other such public utility.”
20. Upon its consummation, the transaction will constitute a “substitution” of service and facilities to UPL/Knox, rather than an “abandonment” of service and facilities by Ludlow. Pursuant to O.R.C. §§ 4905.20 and 4905.21, a public utility, such as Ludlow, must obtain the Commission's approval before abandoning its jurisdictional facilities and/or services. However, in instances such as the instant transaction, where any portion of a regulated utility is transferred to a non-regulated utility, the Commission has consistently held that a cessation of service by a regulated utility, accompanied simultaneously by uninterrupted and adequate service by a non-regulated utility, is not an “abandonment” of service under O.R.C. § 4905.20 or 4905.21.¹
21. Further, for arrangements such as this transaction, the Commission has held that O.R.C. § 4905.48, which provides the Commission with authority to review transactions between public utilities, is not applicable.²

¹ See, e.g., *In the Matter of the Application of Gasco Distribution Systems, Inc. and Consumers Gas Cooperative for the Approval of the Transfer of Assets and Customers*, Case No. 09-375-GA-ATR, Finding and Order (August 12, 2009); *In the Matter of the Application of Columbia Gas of Ohio, Inc. and Consumers Gas Cooperative for the Approval of the Transfer of Assets and Customers*, Case No. 08-740-GA-ATR, Finding and Order (September 23, 2008); and *In the Matter of the Join Application of Northern Industrial Energy Development, Knox Energy Cooperative Association, Inc. and The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 07-633-GA-ATR, Entry (June 27, 2007).

² *Id.*

22. Pursuant to the Finding & Order, Ludlow will discontinue service to the Customers and transfer the Customers to UPL upon the Commission's approval of this Application.
23. Inasmuch as the transaction will result in the "substitution" of service and facilities to Knox, a non-regulated cooperative, rather than the "abandonment" of service and facilities by Ludlow, a regulated public utility, the Applicants respectfully submit that the Commission's requirements under O.R.C. §§ 4905.20, 4905.21, and 4905.48 do not apply to the Transaction. The Commission has in such cases reviewed transactions under O.R.C. §§ 4905.05 and 4905.06 to ensure that the proposed transfer results in uninterrupted and adequate service to the public utility's existing customers.
24. UPL/Knox have been providing adequate and reliable service since January of 1999 to Knox's owner-customers and have the operational, financial, and managerial abilities to assure the provision of uninterrupted and adequate service to the Customers.
25. To the extent the Commission believes its approval of the transaction is required, the Applicants respectfully suggest that such approval be pursuant to O.R.C. §§ 4905.05 and 4905.06.
26. The proposed transaction is just, reasonable, and in the public interest.

III. Conclusion

WHEREFORE, Ludlow, UPL and Knox respectfully request that the Commission approve this Application and provide the following findings, approvals and relief:

- A. Find that the proposed transaction is just, reasonable and in the best interest of the public and approve the transfer of customers and assets from Ludlow to UPL;
- B. To the extent Commission approval is required, approve the assignment of the System and the Customers from UPL to Knox;

- C. Find that Knox as managed by UPL will exclusively provide all retail natural gas services to the Customers;
- D. Find that UPL and Knox have the technical, financial, and managerial abilities to ensure the provision of uninterrupted and adequate service to the Customers;
- E. Direct Ludlow, UPL and Knox to notify all Customers of this transaction within thirty (30) days of the Commission's Order; and
- F. Provide such other relief and approvals as the Commission deems necessary.

Respectfully submitted,

/s/ Stephen M. Howard (per voice auth. by MDD)
Stephen M. Howard (0022421)
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Columbus Ohio 43215
Phone: 614-464-5401
Fax: 614-719-4772
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Fax: (614) 464-2002

E-mail: mdortch@kravitzllc.com

rparsons@kravitzllc.com

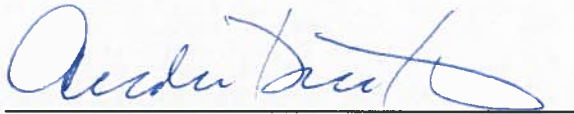
Attorneys for

LUDLOW NATURAL GAS COMPANY, LLC

VERIFICATION

State of Ohio :
County of STARK : SS:
:

Before me, Notary Public for the State of Ohio, personally appeared Andrew Duckworth, who first having been sworn, deposed and said that he is the President of Utility Pipeline, Ltd., that he has read the foregoing Joint Application, and that the statements set forth therein are true and accurate to the best of his knowledge.

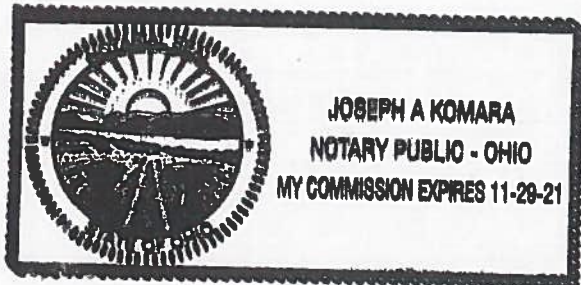


Andrew Duckworth
President of Utility Pipeline, Ltd.

Sworn and subscribed in my presence this 15th day of August, 2017.



Notary Public



VERIFICATION

State of Ohio :
 : SS:
County of _____ :

Before me, Notary Public for the State of Ohio, personally appeared Andrew Duckworth, who first having been sworn, deposed and said that he is the Agent of Knox Energy Cooperative Association, that he has read the foregoing Joint Application, and that the statements set forth therein are true and accurate to the best of his knowledge.

Reeder, Ruth

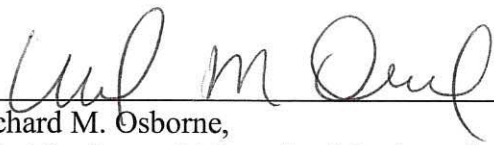
Andrew Duckworth
Agent of Knox Energy Cooperative Association

Sworn and subscribed in my presence this 15th day of August, 2017.

VERIFICATION

State of Ohio :
County of Lake : SS:
:

Before me, Notary Public for the State of Ohio, personally appeared Richard M. Osborne, who first having been sworn, deposed and said that he is the Sole Member and Managing Member of Ludlow Natural Gas Company, LLC, that he has read the foregoing Joint Application, and that the statements set forth therein are true and accurate to the best of his knowledge.



Richard M. Osborne,
Sole Member and Managing Member of
Ludlow Natural Gas Company, LLC

Sworn and subscribed in my presence this 14th day of August, 2017.



WILLIAM P SOCHOR
Notary Public
In and for the State of Ohio
My Commission Expires
February 12, 2022

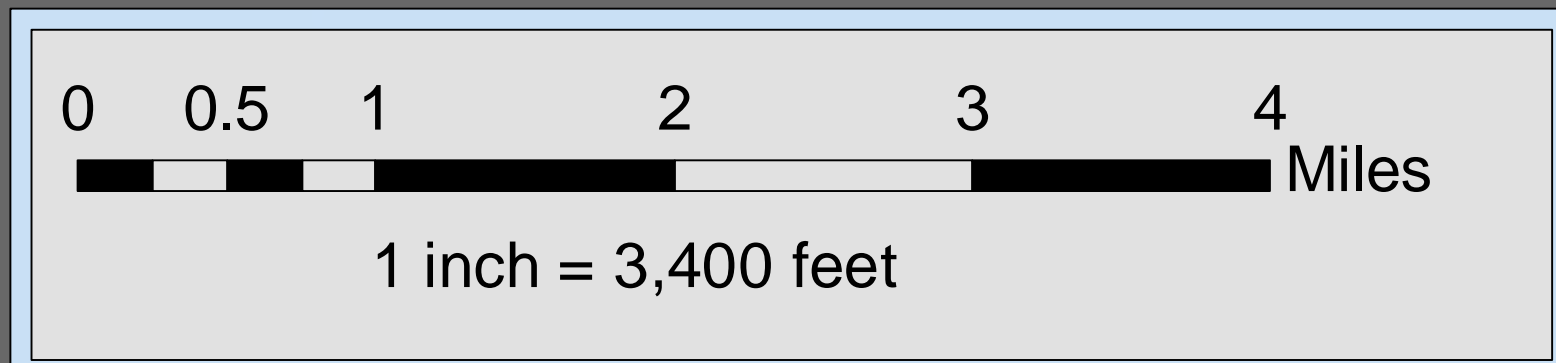


Notary Public

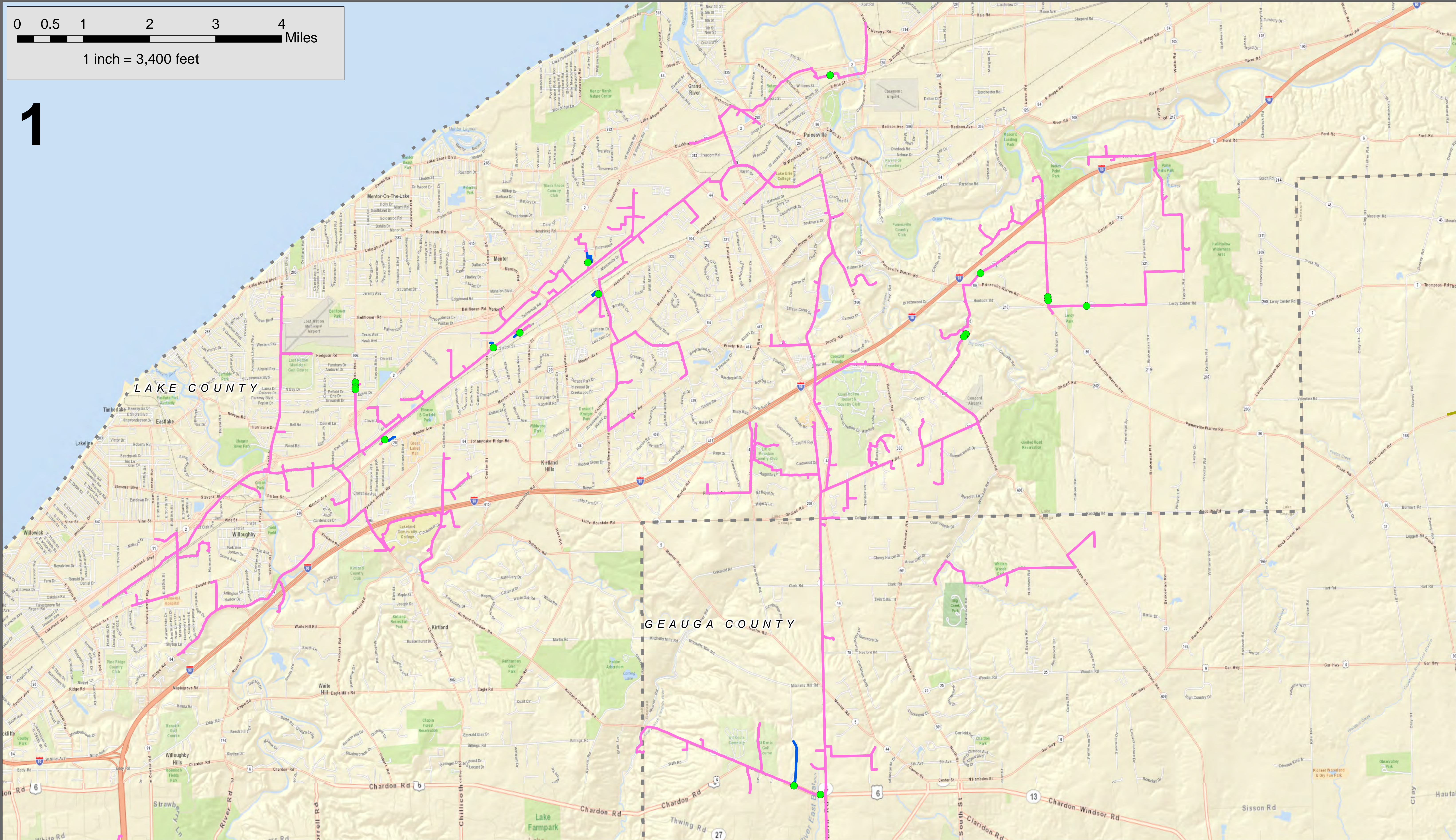
EXHIBIT 1

LUDLOW NATURAL GAS COMPANY, LLC

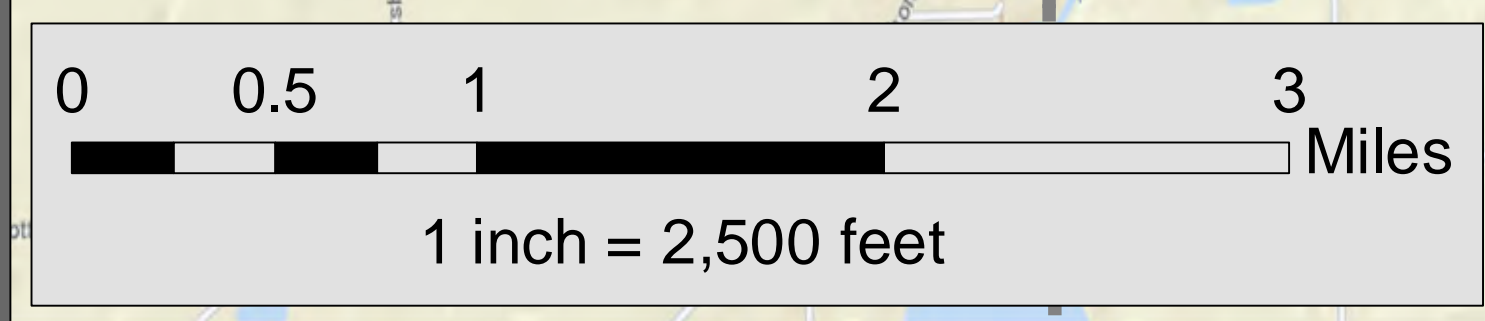
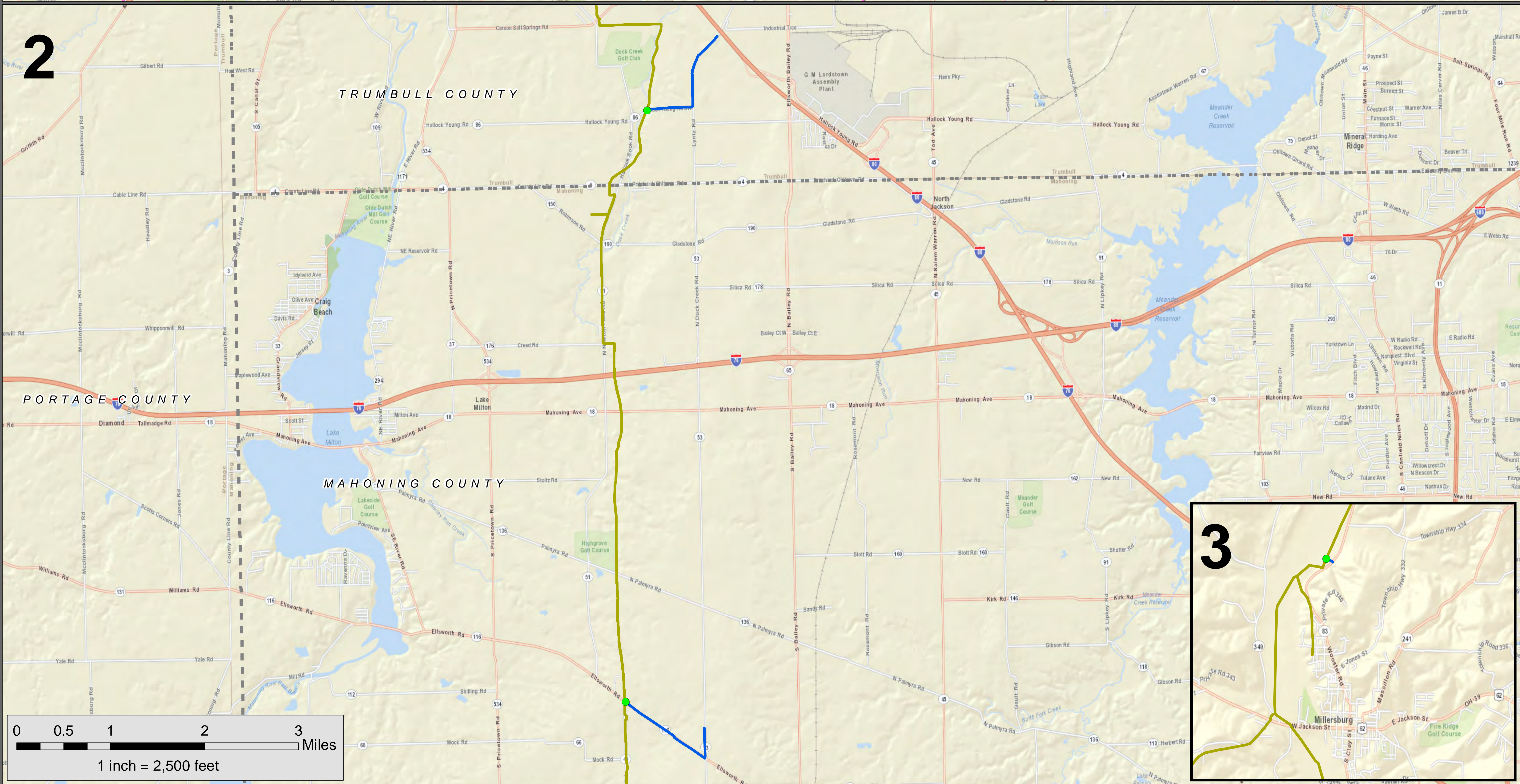
SYSTEM MAPS



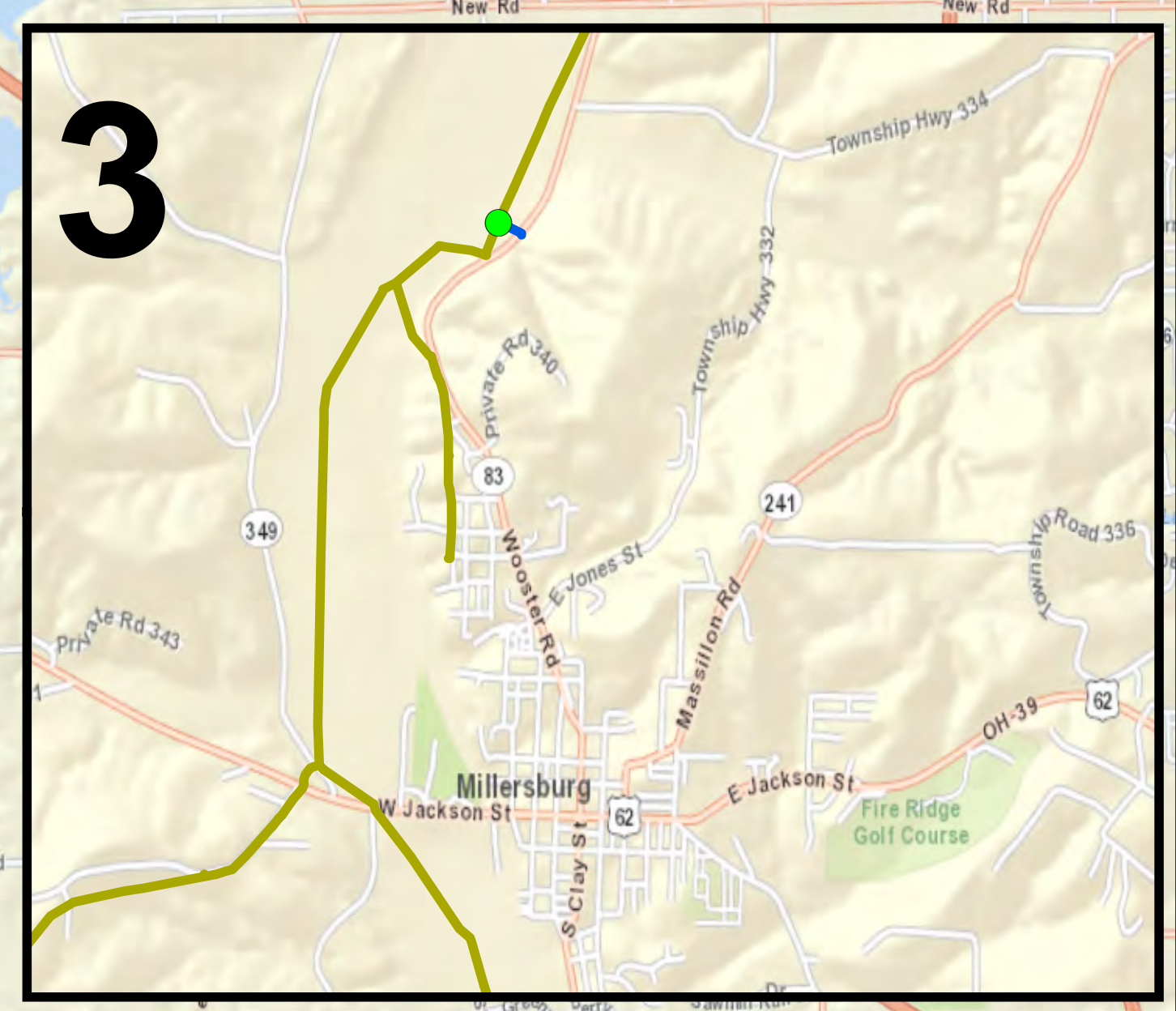
1



2



3

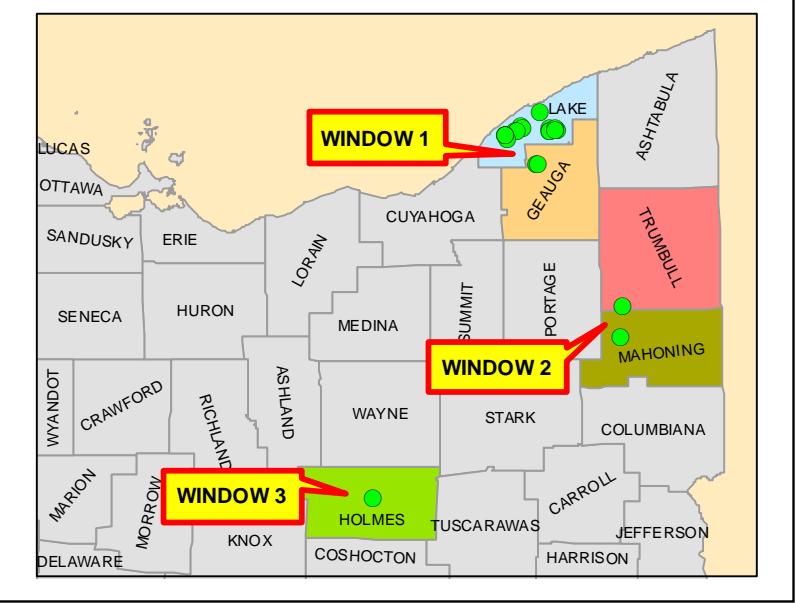


OHIO RURAL NATURAL GAS CO-OP TAP LOCATIONS NORTHEAST OHIO



Legend

- ORNG TAP
- OHIO RURAL NATURAL GAS MAINLINE
- COBRA PIPELINE
- ORWELL TRUMBULL PIPELINE
- COUNTY BORDER



DATE: JANUARY 23, 2017
DRAWN: NADBS/SPCS OHIO NORTH



*Painesville City
Lake County
Ohio*

**Ohio Rural Natural Gas
System Name & No.
ORNG T1-001**

*Lake Geauga
Recovery Center*

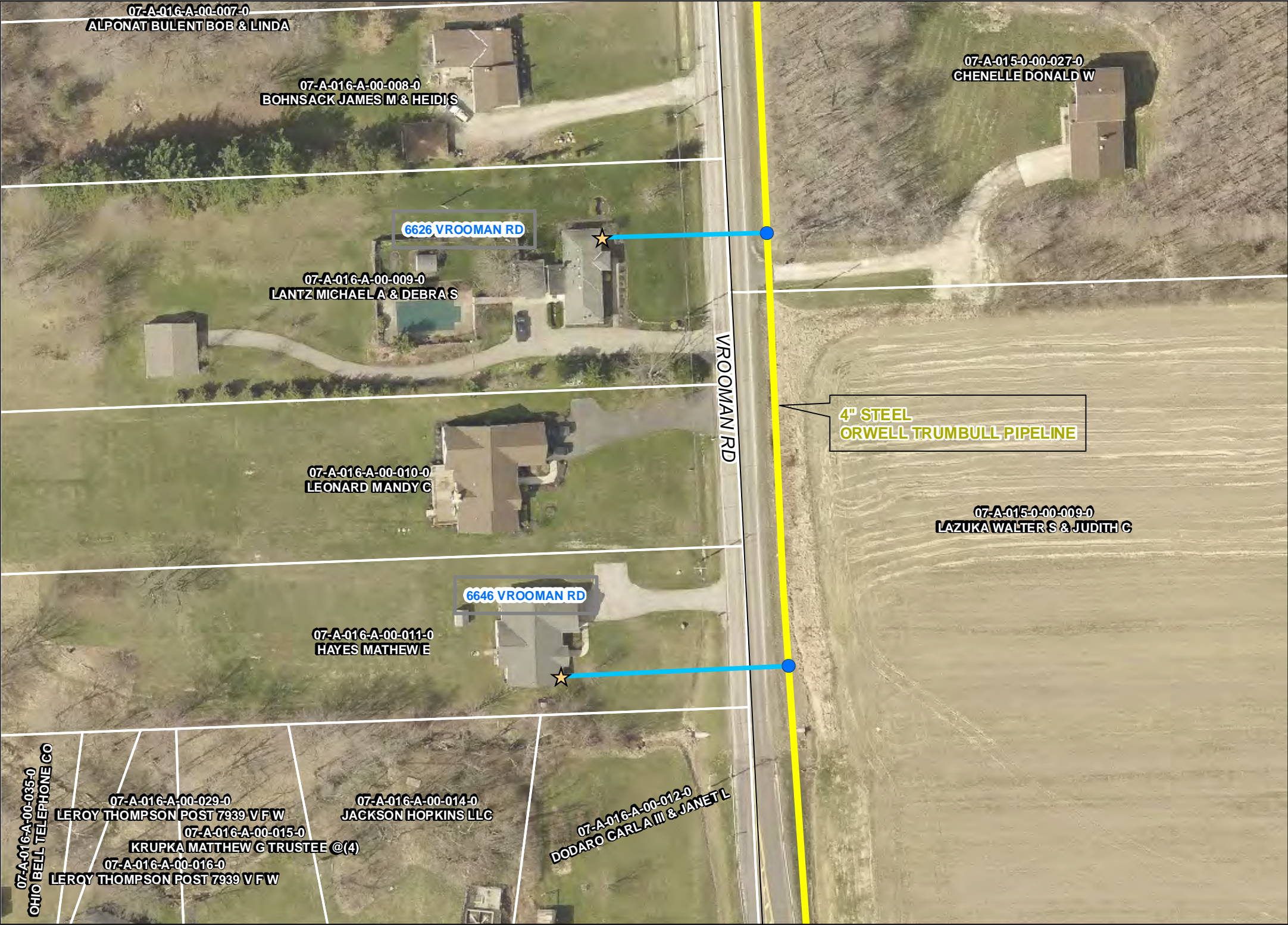
0 50 100 200
Feet

1 inch = 110 feet

Legend

- ORNG CUSTOMER SERVICE LINE
- ORNG SERVICE LINE
- OHIO RURAL NATURAL GAS MAINLINE
- ORWELL TRUMBULL PIPELINE
- LAKE COUNTY PARCELS

*Ohio Rural Natural Service Line Order (SLO)
Datum: NAD83 SPCS Ohio North
Date: 2/5/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig*



07-A-016-A-00-007-0
ALPONAT BULENT BOB & LINDA

07-A-016-A-00-008-0
BOHNSACK JAMES M & HEIDI S

6626 VROOMAN RD

07-A-016-A-00-009-0
LANTZ MICHAEL A & DEBRA S

07-A-016-A-00-010-0
LEONARD MANDY C

6646 VROOMAN RD

07-A-016-A-00-011-0
HAYES MATHEW E

07-A-016-A-00-029-0
LEROY THOMPSON POST 7939 VFW

07-A-016-A-00-015-0
KRUPKA MATTHEW G TRUSTEE @ (4)

07-A-016-A-00-016-0
LEROY THOMPSON POST 7939 VFW

07-A-016-A-00-014-0
JACKSON HOPKINS LLC

07-A-016-A-00-012-0
DODARO CARLA III & JANET L

07-A-015-0-00-027-0
CHENELLE DONALD W

4" STEEL
ORWELL TRUMBULL PIPELINE

07-A-015-0-00-009-0
LAZUKA WALTER S & JUDITH C

Leroy Twp.
Lake County
Ohio

Ohio Rural Natural Gas
Customers
6626 Vrooman Rd.
6646 Vrooman Rd.



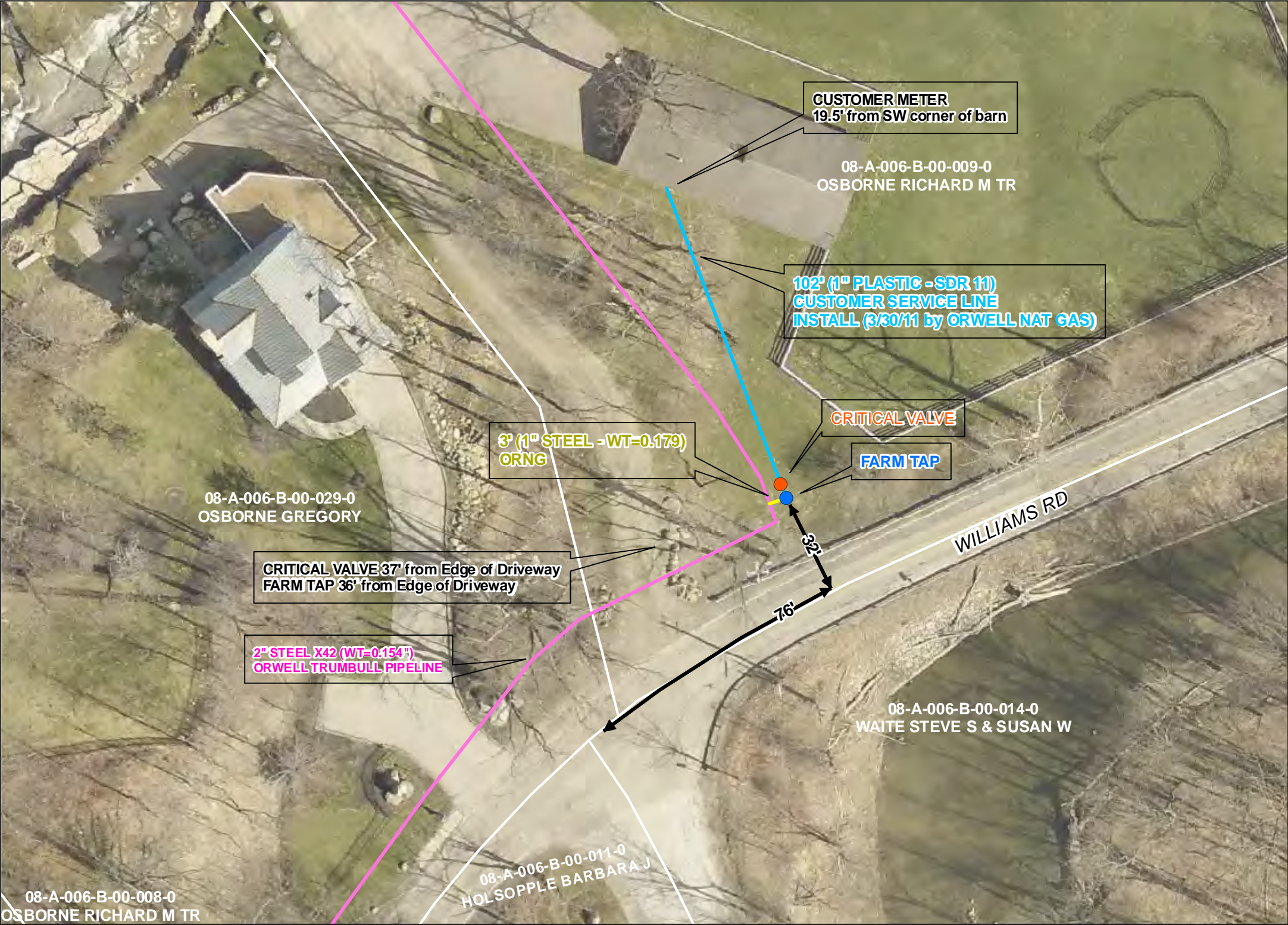
1 inch = 75 feet



Legend

- ★ ORNG CUSTOMER METER
- ORNG TAP
- CUSTOMER SERVICE LINE (Approx.)
- ORWELL TRUMBULL PIPELINE
- LAKE COUNTY PARCELS

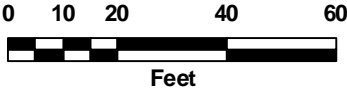
Ohio Rural Natural Gas
Datum: NAD83 SPCS Ohio North
Date: 12/1/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



Concord Twp
Lake County
Ohio

Ohio Rural Natural Gas
System Name & No.
ORNG T1-005

6970 Williams Rd Barn



1 inch = 35 feet



Legend

- ORNG CRITICAL VALVE
- ORNG TAP
- ORNG SERVICE LINE
- ORNG CUSTOMER SERVICE LINE
- ORWELL TRUMBULL PIPELINE
- LAKE COUNTY ROADS
- LAKE COUNTY PARCELS

Ohio Rural Natural Gas
Datum: NAD83 SPCS Ohio North
Date: 2/15/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



Concord Twp
Lake County
Ohio

Ohio Rural Natural Gas

7020 Williams Rd

0 25 50 100

Feet

1 inch = 50 feet

N

Legend

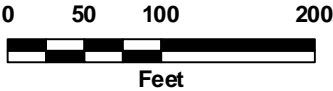
- ORNG TAP
- ORNG CUSTOMER SERVICE LINE
- ORWELL TRUMBULL PIPELINE
- LAKE COUNTY PARCELS

Ohio Rural Natural Gas
Datum: NAD83 SPCS Ohio North
Date: 8/1/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



Mentor
Lake County
Ohio

Ohio Rural Natural Gas
Customers
7750 Plaza Blvd
7621 Mentor Ave



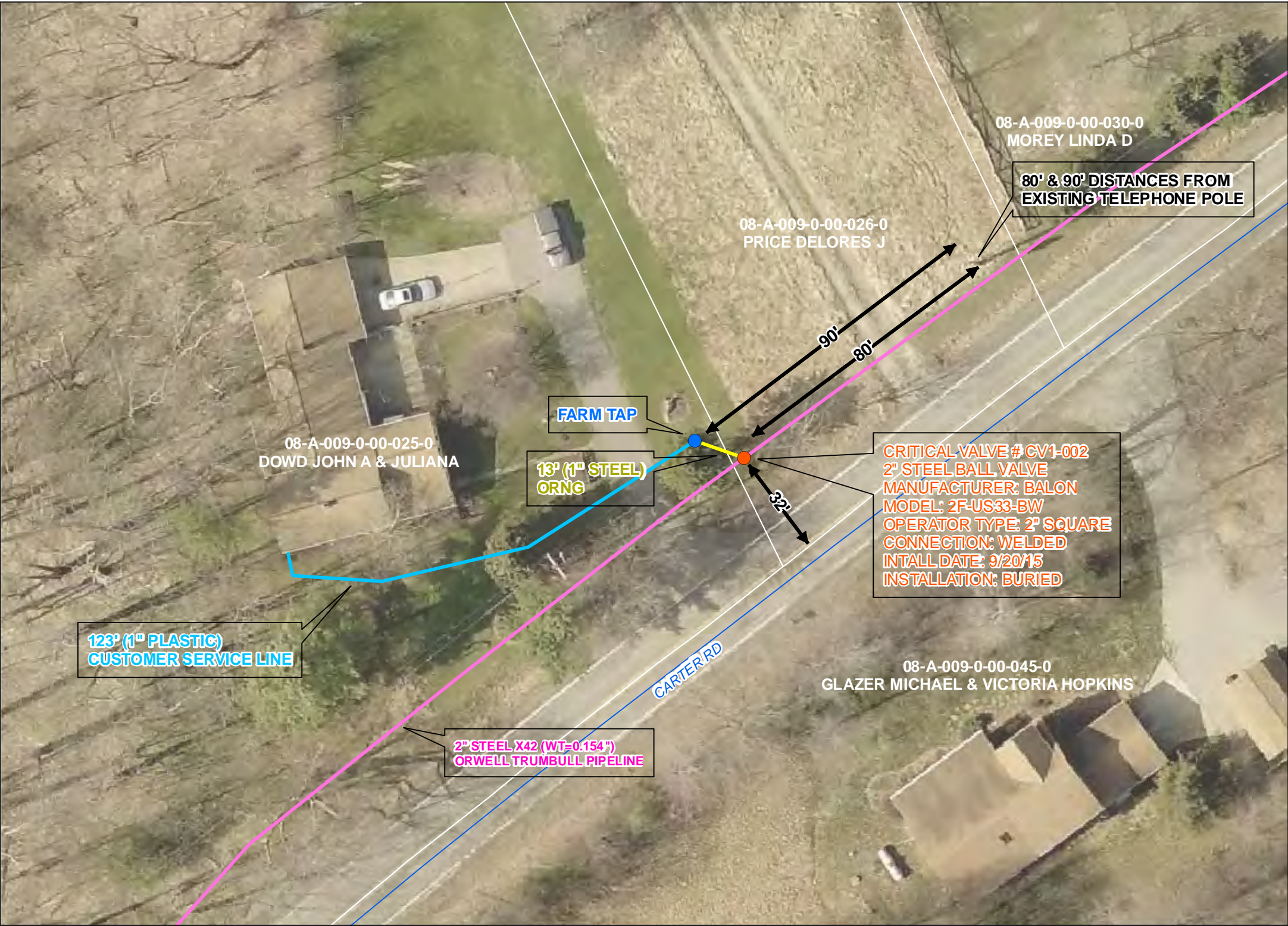
1 inch = 125 feet



Legend

- ★ ORNG CUSTOMER METER
- ORNG TAP
- CUSTOMER SERVICE LINE (Approx.)
- OHIO RURAL MAINLINE (Approx.)
- ORWELL TRUMBULL PIPELINE

Ohio Rural Natural Gas
Datum: NAD83 SPCS Ohio North
Date: 12/1/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



Concord Twp
Lake County
Ohio

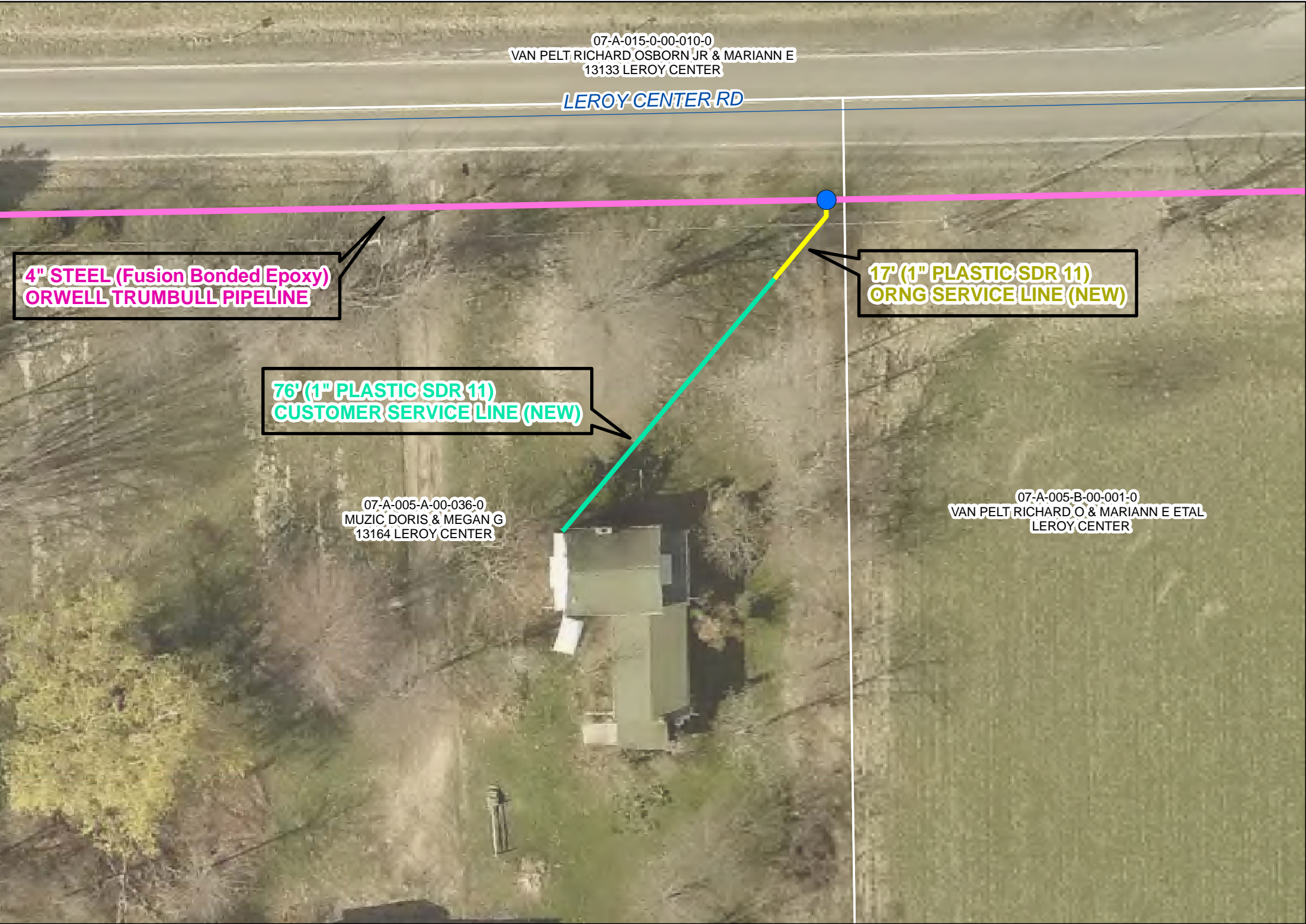
Ohio Rural Natural Gas
System Name & No.
ORNG T1-002

12321 Carter Road



Legend	
	ORNG CRITICAL VALVE
	ORNG TAP
	ORNG SERVICE LINE
	ORNG CUSTOMER SERVICE LINE
	ORWELL TRUMBULL PIPELINE
	LAKE COUNTY ROADS
	LAKE COUNTY PARCELS

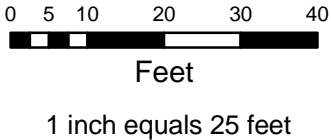
Ohio Rural Natural Gas
Datum: NAD83 SPCS Ohio North
Date: 2/10/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



Leroy Township
Lake County, Ohio

Ohio Rural
Natural Gas Co-Op
Service Line Order

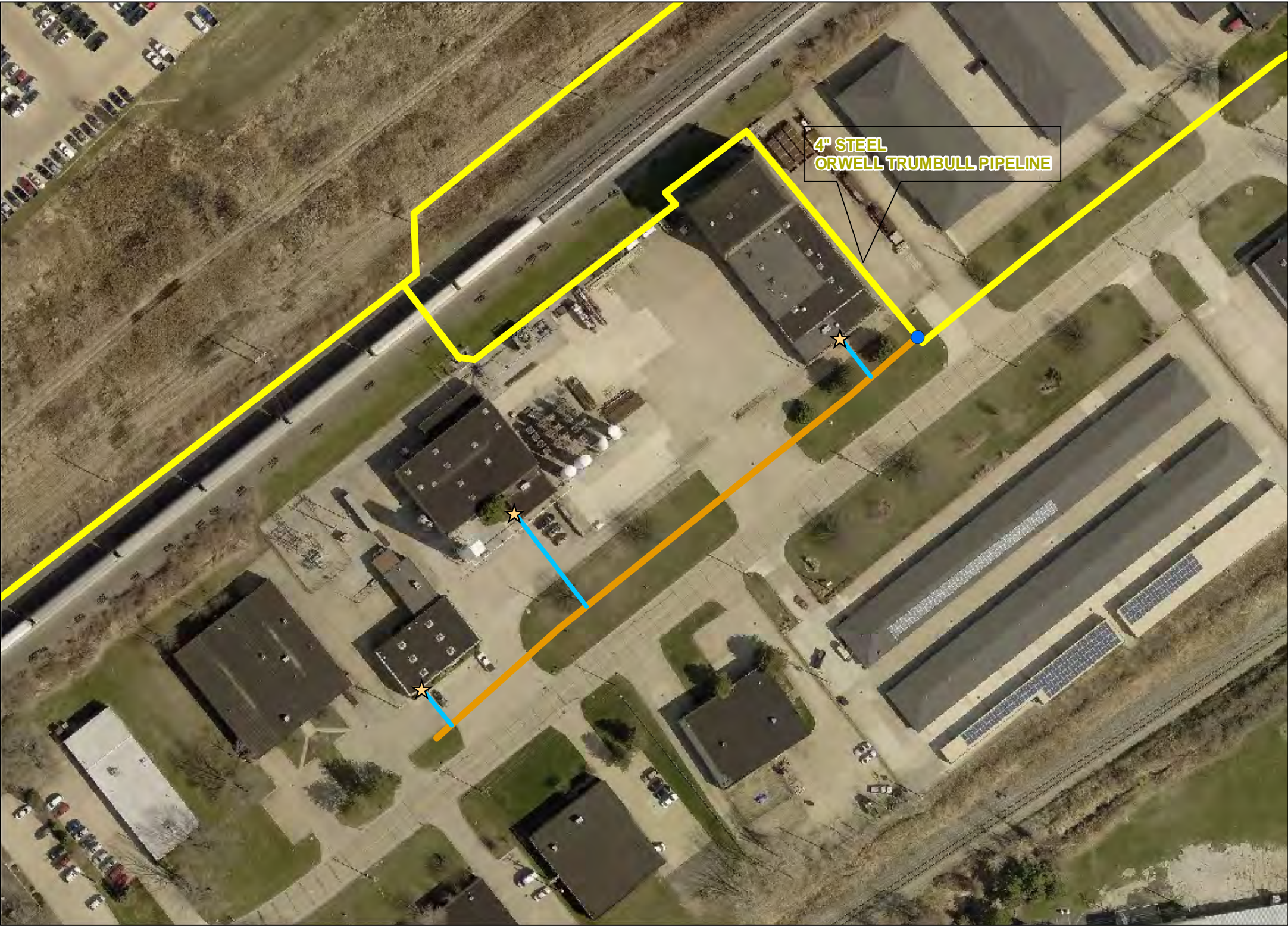
13164 Leroy Ctr. Rd.



Legend

- ORNG TAP
- ORNG SERVICE LINE
- CUST. SERVICE LINE
- ORWELL TRUMBULL
- ROADS
- LAKE CTY PARCELS

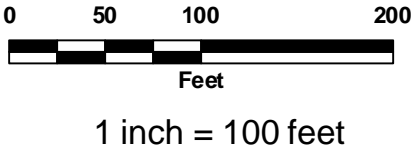
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Pipelines are Approximate and NOT for on-site locating. ALWAYS call 811 before you dig.



4" STEEL
ORWELL TRUMBULL PIPELINE

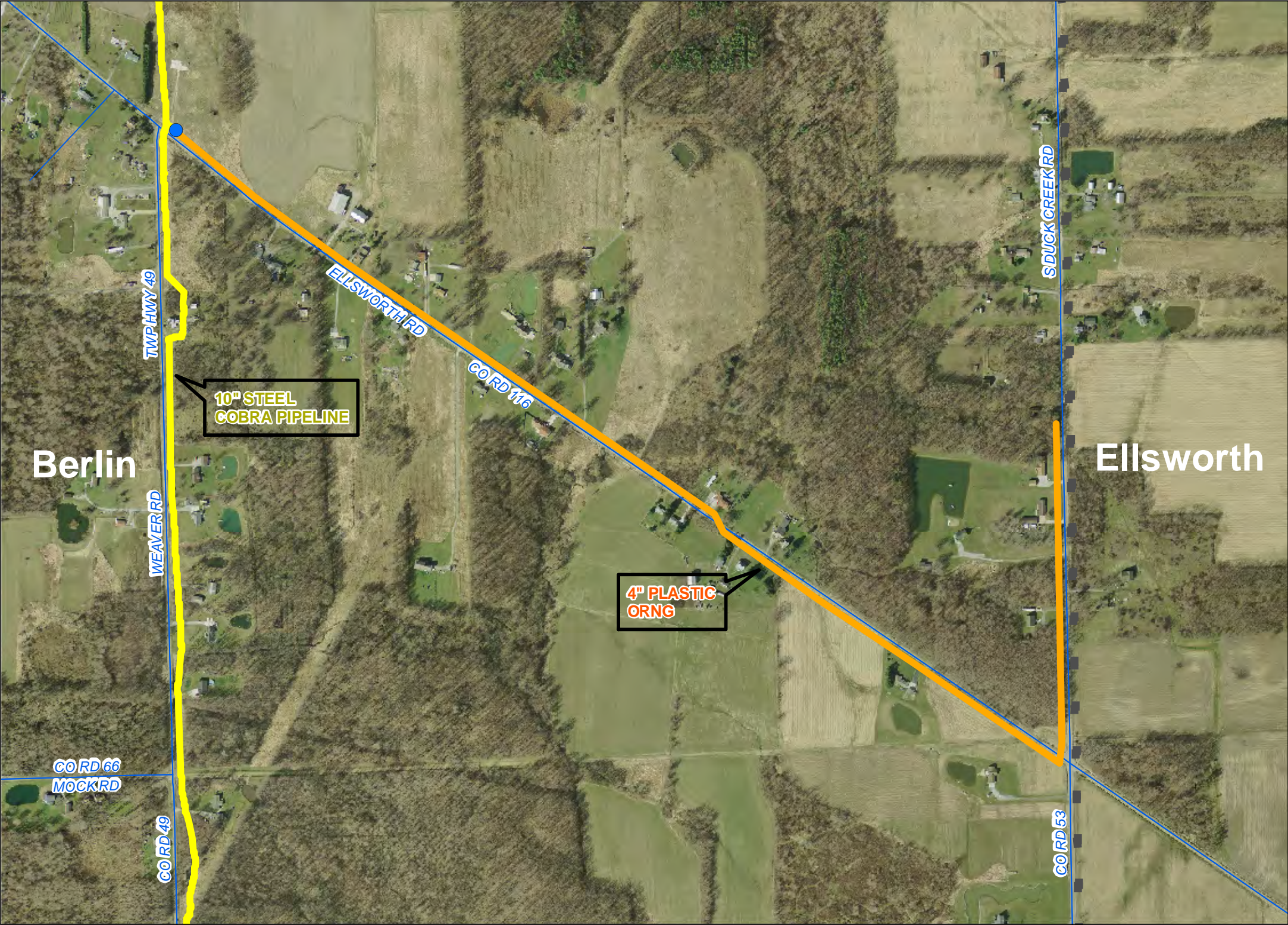
Mentor
Lake County
Ohio

Ohio Rural Natural Gas
Customers
East Ave.



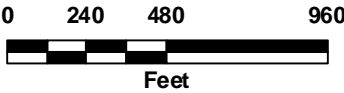
- Legend**
- ★ ORNG CUSTOMER METER
 - ORNG TAP
 - CUSTOMER SERVICE LINE
 - OHIO RURAL NATURAL GAS MAINLINE
 - ORWELL TRUMBULL PIPELINE

Ohio Rural Natural Gas
Datum: NAD83 SPCS Ohio North
Date: 12/1/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



Berlin Twp
Mahoning County
Ohio

Ohio Rural Natural Gas
Ellsworth Rd to
S. Duck Creek Rd



1 inch = 575 feet



Legend

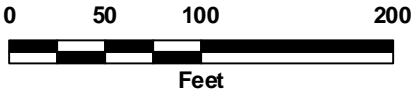
- ORNG TAP
- OHIO RURAL MAINLINE
- COBRA PIPELINE
- OHIO ROADS
- TWP LINE

Ohio Rural Natural Gas
Datum: NAD83 SPCS Ohio North
Date: 12/1/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



*Mentor
Lake County
Ohio*

*Ohio Rural Natural Gas
Fracci Court
Mentor*



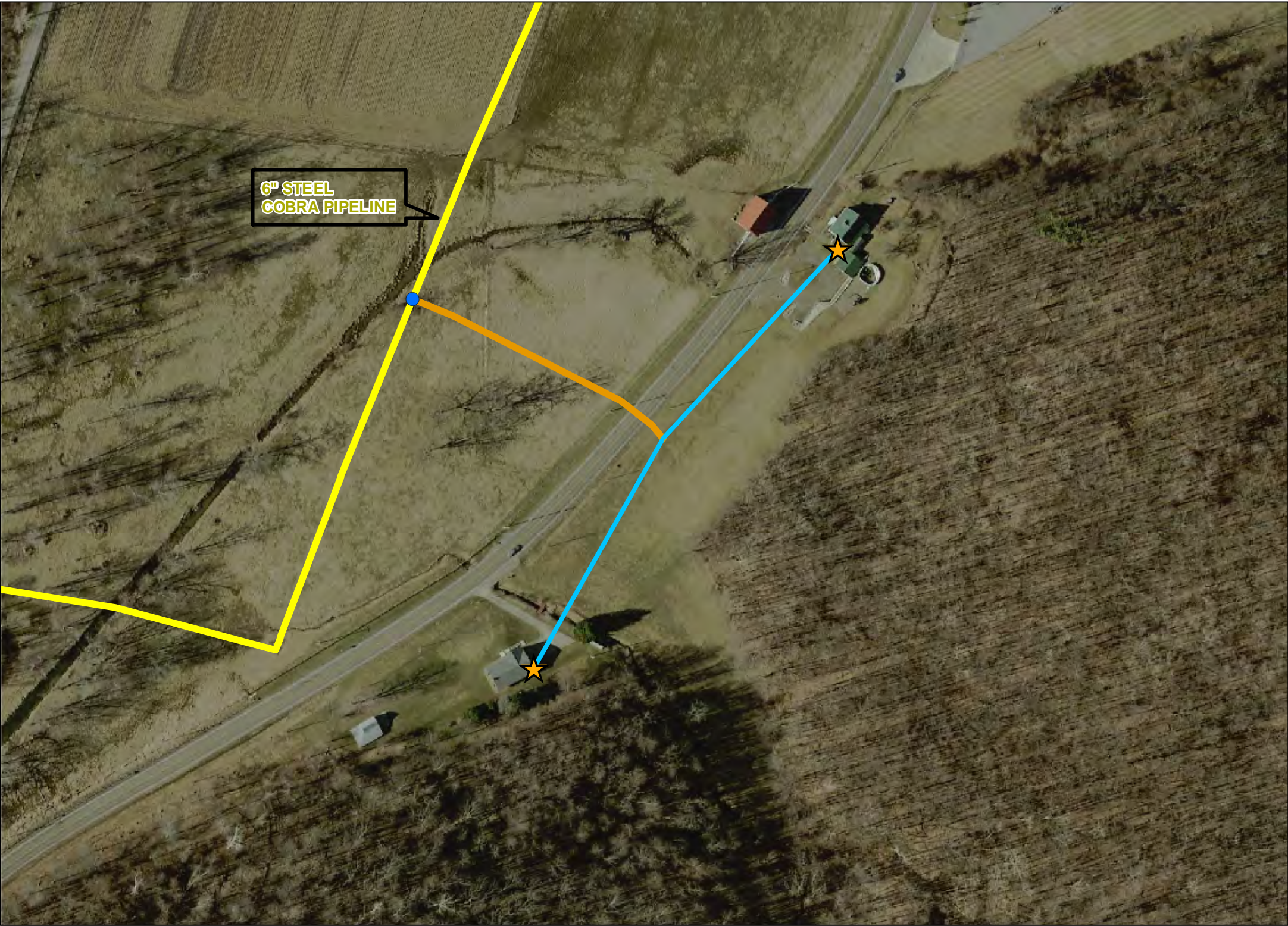
1 inch = 100 feet



Legend

- ORNG TAP
- OHIO RURAL NATURAL GAS MAINLINE
- ORWELL TRUMBULL PIPELINE

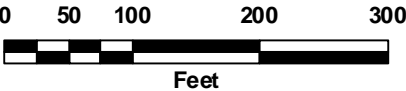
Ohio Rural Natural Gas
Datum: NAD83 SPCS Ohio North
Date: 8/1/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



6" STEEL
COBRA PIPELINE






Hardy Twp
Holmes County
Ohio

Ohio Rural Natural Gas
Customers
5980 SR 83
5926 SR 83

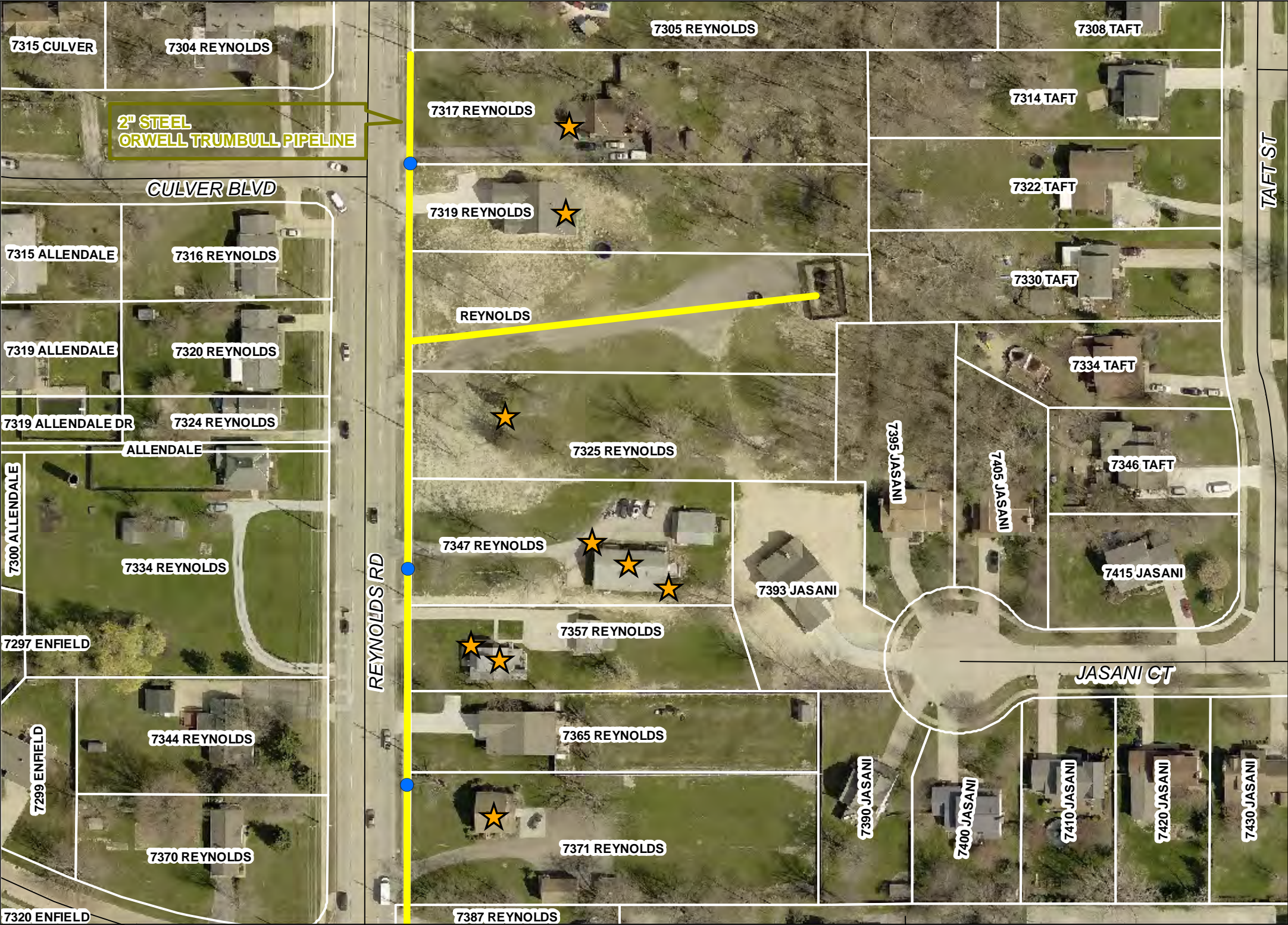


1 inch = 150 feet



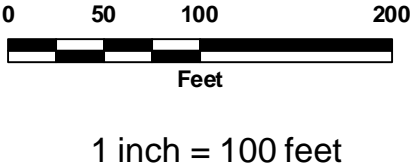
- Legend**
-  ORNG CUSTOMER METER
 -  ORNG TAP
 -  CUSTOMER SERVICE LINE (Approx.)
 -  OHIO RURAL MAINLINE (Approx.)
 -  COBRA PIPELINE

Ohio Rural Natural Gas
Datum: NAD83 SPCS Ohio North
Date: 12/1/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



Mentor
Lake County
Ohio

Ohio Rural Natural Gas
Customers
Reynolds Road



Legend

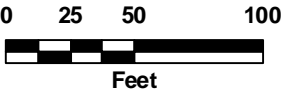
- ORNG CUSTOMER METER
- ORNG TAP
- CUSTOMER SERVICE LINE (Approx.)
- OHIO RURAL MAINLINE (Approx.)
- ORWELL TRUMBULL PIPELINE
- LAKE COUNTY PARCELS

Ohio Rural Natural Gas
Datum: NAD83 SPCS Ohio North
Date: 12/1/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



Mentor
Lake County
Ohio




Ohio Rural Natural Gas
Sugarbush Drive



1 inch = 75 feet



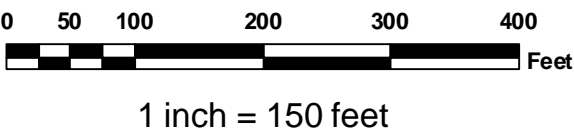
Legend

-  ORNG TAP
-  OHIO RURAL NATURAL GAS MAINLINE
-  ORWELL TRUMBULL PIPELINE

Ohio Rural Natural Gas
Datum: NAD83 SPCS Ohio North
Date: 8/1/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



Chardon Twp
Geauga County, OH
Ohio Rural Natural Gas
11069 Chardon Rd. (Trout Club)



ORNG TAP

ORNG SERVICE LINE (Approx.)

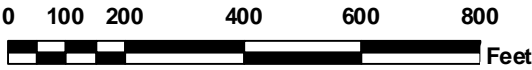
ORWELL TRUMBULL PIPELINE

GEAUGA CTY PARCELS

Date: 8/1/2016 - Datum NAD83 SPCS Ohio North
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig



Chardon Twp
Geauga County, OH
Ohio Rural Natural Gas
Wilder Road Install



1 inch = 325 feet

ORNG TAP

OHIO RURAL NATURAL GAS MAINLINE

ORWELL TRUMBULL PIPELINE

Datum: NAD83 SPCS Ohio North
Date: 8/1/2016
Pipelines are approximate and NOT for on-site locating.
ALWAYS call 811 before you dig

OHIO RURAL NATURAL GAS CO-OP



OHIO RURAL NATURAL GAS (4" PLASTIC)

COBRA PIPELINE (L-376)

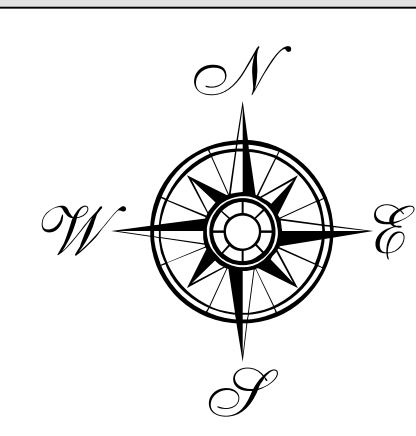
4" FUSION COUPLING & MARKER POST

2" x 4" REDUCER

CITY BORDER

NAD83 SCS - OHIO NORTH

DATE: OCTOBER 14, 2015



TRUMBULL COUNTY, OHIO

01503006009001,200

Feet

1 in = 200 feet



EXHIBIT 3

CUSTOMER LIST

REDACTED — SUBMITTED UNDER SEAL

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

8/15/2017 10:36:29 AM

in

Case No(s). 17-1785-GA-ATR

Summary: Application Ludlow Natural Gas Company, LLC, Utility Pipeline, Ltd and Knox Energy Cooperative Association's Joint Application for Transfer of Assets and Substitution of Service electronically filed by Mr. Michael D. Dortch on behalf of Ludlow Natural Gas Company, LLC