



Public Utilities Commission

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2016 APR 11 PM 1:59
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April 11, 2016

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Joint Application of KNG Energy, Inc. and Ohio Intrastate Energy, LLC for Approval of the Purchase and Sale of Certain Facilities and a Permanent Substitution of Service*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendation in regard to the joint application filed by KNG Energy, Inc. and Ohio Intrastate Energy, LLC in Case No. 15-2151-GA-ATR.

Doris McCarter
Division Chief, Forecasting, Markets and Corporate Oversight
Rates and Analysis Department
Public Utilities Commission of Ohio

Barbara Bossart
Division Chief, Reliability and Service Analysis
Service Monitoring and Enforcement Department
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

This is to certify that the enclosed document is an accurate and complete representation of the original document delivered in the regular course of business.
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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Application of KNG)
Energy, Inc. and Ohio Intrastate Energy, LLC) Case No. 15-2151-GA-ATR
for Approval of the Purchase and Sale of)
Certain Facilities and a Permanent)
Substitution of Service)

Staff Review and Recommendation

APPLICATION DESCRIPTION:

The Ohio Revised Code ("R.C.") 4905.48(C) permits a public utility to sell or lease its property or business to any other such public utility, upon the consent and approval of the Public Utilities Commission of Ohio ("Commission").

On December 31, 2015, KNG Energy, Inc. ("KNG") and Ohio Intrastate Energy, LLC ("OIE") (collectively, the "Applicants") filed a joint application and exhibits ("Application"), pursuant to R.C. 4905.48(C), requesting Commission approval for a purchase and sale of certain facilities.

The Application does not entail an abandonment of service as the Applicants also seek authorization for KNG to serve, on a permanent basis, those customers that it is currently serving on a temporary basis pursuant to the Commission's Finding and Order in Case No. 08-947-GA-ABN.¹

REVIEW AND ANALYSIS:

In reviewing the Application, Commission Staff from the Rates and Analysis Department (R&A) examined documentation of the valuation of the property and business being conveyed as part of the agreements between the Applicants. Additionally, R&A Staff evaluated the anticipated accounting treatment of said conveyance for future ratemaking purposes. Upon review of the Application and supporting documentation, R&A Staff discovered nothing unusual during its financial review. R&A Staff believes the requested transfer of service and sale to be reasonable.

¹ See *In re Suburban Natural Gas Co.*, Case No. 08-947-GA-ABN, Finding and Order (June 29, 2011).

Commission Staff from the Service Monitoring and Enforcement Department (SMED) also reviewed whether the proposed transaction involved any abandonment or harm to customers as a result of this Application. After review of the Application, SMED Staff determined that customers will continue to be served by KNG and no facilities will be abandoned. SMED Staff does not find any reason to oppose the transfer of assets.

RECOMMENDATION:

Staff recommends the Commission approve this Application.