

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Joint Application of)	
Utility Pipeline, Ltd., Cobra Pipeline)	Case No. 21-0803-GA-ATR
Company, Ltd., and Knox Energy)	
Cooperative Association, Inc. to Substitute)	
Natural Gas Service and Transfer Assets)	
and Customers)	

**JOINT APPLICATION OF UTILITY PIPELINE, LTD., COBRA PIPELINE
COMPANY, LTD., AND KNOX ENERGY COOPERATIVE ASSOCIATION, INC. TO
SUBSTITUTE NATURAL GAS SERVICE AND TRANSFER ASSETS AND
CUSTOMERS**

I. INTRODUCTION

Cobra Pipeline Company, Ltd. (“Cobra”) is engaged in the business of operating natural gas pipelines which transmit natural gas in and to various parts of Ohio under the regulation of the Public Utilities Commission of Ohio (the “Commission”). This Joint Application concerns the transfer of certain assets owned by Cobra and used in the operation of three separate natural gas pipeline systems and one set of TCO interconnect taps for rural farms, as further described below and in Exhibits A through D: the Holmesville system, the North Trumbull system, the Churchtown system, and the Grain Dryer Farm/Nursery Customers (collectively, the “Systems”).

Cobra is currently in Chapter 11 bankruptcy. *See In re Cobra Pipeline Co., Ltd.*, Case No. 19-15961 (Bankr. N.D. Ohio). The United States Bankruptcy Court for the Northern District of Ohio (the “Bankruptcy Court”) has approved Cobra’s sale of the Systems and substantially all of its other assets used in the operation of its business to Utility Pipeline, Ltd. (“UPL”), and UPL’s subsequent assignment of the Systems to Knox Energy Cooperative Association, Inc., an Ohio nonprofit corporation (“Knox”), pending any required regulatory approval by the Commission. *See Bankr. Dkt. No. 217*. Therefore, UPL, Cobra, and Knox (collectively the

“Joint Applicants”) respectfully request that the Commission authorize the transfer of the Systems from Cobra to UPL, then to Knox. In addition, to ensure the timely closing of the associated transactions and orderly transition of service during the pendency of Cobra’s bankruptcy, and in light of Cobra’s severely deteriorated financial condition, the Joint Applicants respectfully request that the Commission approve this Joint Application as soon as practicable to ensure continued safe and reliable service to all customers served by the Systems.

Past Commission decisions have routinely approved transfers of service from public utilities to non-regulated entities, provided that the transfer resulted in uninterrupted and adequate service. No higher or better bid was received for the Systems, with only one other bidder at the auction. This proposed transfer of the Systems will result in adequate and uninterrupted service for all users. It is therefore in the public interest, and should be approved without a hearing, as provided in R.C. 4905.48, and the transfer of the Systems and substitution of service should be authorized by the Commission.

II. FACTS

A. The Joint Applicants

1. Knox Energy Cooperative Association, Inc.

Knox, a member-owned, Ohio not-for-profit corporation, is a natural gas provider operated exclusively for its members. Pursuant to R.C. 4905.02 and 4905.04, the Commission does not have jurisdiction over Knox, except for gas pipeline safety pursuant to Ohio Adm.Code 4901:1-16. Knox provides natural gas service to approximately 21,000 members in portions of Ohio and Pennsylvania. Knox’s operations are overseen by a Board of Trustees (the “Knox Board”) that acts exclusively on behalf and in the best interests of its members. The Knox Board is comprised of trustees who are elected by members and who themselves are members of Knox. Knox is independent of UPL, as UPL does not have any employees, representatives, or agents on

the Knox Board, and UPL does not have any ownership interest in Knox. There is a long-term management agreement between Knox and UPL pursuant to which UPL provides certain management and operations services to Knox, as Knox does not have any employees. This management agreement ensures that UPL remains accountable to the Knox Board for the services provided under that agreement. Currently, 2,760 Knox cooperative members receive service from the Holmes County loop area that is part of Cobra's Holmesville system at issue in this application. This existing overlap, and the presence of cooperative members in the areas of the North Trumbull and Churchtown systems, creates synergies that would be beneficial to the continued strengthening of Knox and its mission of expanding service in rural and underserved communities. (Knox Testimony, A6.)

2. Utility Pipeline, Ltd.

UPL, an Ohio limited liability company, is engaged in the business of providing natural gas distribution management and operations services to natural gas utilities and natural gas cooperatives providing services in Ohio, Pennsylvania, Indiana, Virginia and West Virginia. UPL was formed in January 1995 to assist in providing natural gas service to communities not being served by Ohio's various utility companies. UPL has extended its operations throughout many communities in Ohio and into eastern Indiana, western Pennsylvania, West Virginia and western Virginia. Such extensions were accomplished through business arrangements with natural gas cooperatives, local public utilities, local gas producers and interstate pipeline companies.

UPL has installed new pipelines in underserved communities, helped to establish service in new real estate developments, and acquired smaller natural gas pipeline systems. Its services include operations and maintenance, customer service and billing, gas acquisition and

management, and new construction. UPL currently employs over 150 full-time employees in 16 offices and provides professional management services for gas distribution systems extending over 2,460 miles in five states.

UPL has decades of expertise in managing the day-to-day operations of natural gas utility systems like the Systems described in this Joint Application. Among UPL's service recipients are five non-profit, member-owned cooperatives serving 27,000 members. UPL is not a public utility subject to the jurisdiction of the Commission. *See, e.g., In re Jt. Appl. of UPL, Ludlow Natural Gas Co., & Knox*, Case No. 17-1785-GA-ATR, Order at 4 (Oct. 4, 2017).

3. Cobra Pipeline Company, Ltd.

Cobra, an Ohio limited liability company, is engaged in the business of operating natural gas pipelines and gathering systems which transmit natural gas in and to various parts of Ohio. Cobra's business is regulated by the Commission. Cobra is a pipeline company under R.C. 4905.03 and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of the Commission. Customers include local distribution companies and natural gas marketing companies. (Cobra Testimony, A4.)

B. The Systems

This Joint Application concerns the following Commission-regulated assets of Cobra:

- The natural gas pipelines located in Holmes and Wayne Counties, Ohio, described and depicted on the attached Exhibit A, together with all tangible personal property, real property interests, and improvements thereto required or used in the operation and maintenance of such systems (collectively, the "Holmesville system").
- The natural gas pipelines and gathering systems located in Columbiana, Geauga, Mahoning and Trumbull Counties, Ohio, described and depicted on the attached Exhibit

B, together with all tangible personal property, real property interests, and improvements thereto required or used in the operation and maintenance of such systems (collectively, the “North Trumbull system”).

- The natural gas pipelines and gathering systems located in Washington and Noble Counties, Ohio, described and depicted on the attached Exhibit C, together with all tangible personal property, real property interests, and improvements thereto required or used in the operation and maintenance of such systems (except two parcels of real property owned in fee interest by Cobra, one 49-acre parcel located in the County of Washington, Township of Watertown, State of Ohio, and one 0.20-acre parcel located in the County of Washington, Township of Waterford, State of Ohio) (collectively, the “Churchtown system”).
- The natural gas pipelines and systems related to the TCO interconnect taps and grain dryer farms and nursery described and depicted on the attached Exhibit D, together with all of the tangible personal property, real property interests, and improvements thereto required or used in the operation and maintenance of such systems (collectively, the “Grain Dryer Farm/Nursery Customers”).

UPL is not purchasing or assuming out of the bankruptcy process any other Cobra assets not particularly described in the Asset Purchase Agreement as defined below. In particular, UPL is not purchasing or assuming certain transportation contracts between Cobra and a number of entities, including Northeast Ohio Natural Gas Corp. (“NEO”).

C. Cobra’s Past Operations

Cobra was founded in 2005. In February 2008, Cobra acquired pipeline systems from Columbia Gas Transmission, and it presently owns the natural gas systems referred to in the

Bankruptcy Court-approved stalking horse asset purchase agreement, as amended, between UPL and Cobra (the “Asset Purchase Agreement”) (further described below). Cobra was originally set up as a complement business to NEO, which shared common ownership with Cobra at the time. NEO serviced end users at the meter and Cobra provided transportation of natural gas to NEO’s meters and the meters of certain other utilities servicing end users. The manner in which Cobra’s assets are currently operated is a historical remnant of its prior common ownership with NEO. (Cobra Testimony, A4 and A9.)

A number of Commission-ordered investigations regarding Cobra and related entities have been instituted in recent years, including Case Nos. 14-1709-GA-COI, 17-2424-PL-COI, and 20-1613-PL-COI, among others. On September 11, 2019, the Commission rejected Cobra’s applications to increase its rates and charges in Case Nos. No. 16-1725-PL-AIR and 18-1549-PL-AEM. Cobra currently has two employees in the field. Some of Cobra’s pipelines are currently being serviced by UPL and other providers pursuant to service agreements, to supplement Cobra’s staff. (Cobra Testimony, A5.)

D. Cobra’s Chapter 11 Bankruptcy

On September 25, 2019, Cobra filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code (11 U.S.C. § 101, *et seq.*), initiating a bankruptcy case in the United States Bankruptcy Court for the Northern District of Ohio (the “Bankruptcy Court”) captioned *In re Cobra Pipeline Co., Ltd.*, Case No. 19-15961 (Bankr. N.D. Ohio). *See* Bankr. Dkt. No. 1.

Substantially all of Cobra’s assets are encumbered by a first-priority security interest in favor of Huntington National Bank (“Huntington”) to secure a loan to Cobra with a balance exceeding \$1.9 million as of September 30, 2019. Bankr. Dkt. No. 132, ¶ 7; Bankr. Dkt. No. 39

at 2. Given Huntington's lien in Cobra's assets, Cobra's ability to access cash for continued operations is governed by a stipulated order and budget approved by the Bankruptcy Court that provides Cobra with the ability to utilize Huntington's cash collateral subject to the terms and restrictions of that order and budget. *See* Bankr. Dkt. No. 39 (the "Cash Collateral Order").

On March 5, 2021, Cobra filed a motion with the Bankruptcy Court seeking authority to sell substantially all its assets through an auction process pursuant to 11 U.S.C. § 363. *See* Bankr. Dkt. No. 132 (the "Sale Motion"). As Cobra indicated in the Sale Motion, Cobra believes it has "sufficient cash, when combined with income from projected operating results through July 2021, to continue its operations through the closing of the sale envisioned by the timeline set forth" in the Sale Motion. *Id.* at ¶ 10. To wit, the Sale Motion envisioned a closing, subject to receipt of requisite Bankruptcy Court and Commission approvals, no later than July 31, 2021, in light of Cobra's severely deteriorated financial and cash position. *See id.* at ¶ 9.

Notwithstanding the language in the Sale Motion, the Asset Purchase Agreement provides for an automatic monthly extension of the July 31, 2021 closing date until either (1) the receipt of requisite Bankruptcy Court and Commission approvals, or (2) Cobra or UPL terminates the transaction as permitted by the Asset Purchase Agreement, which includes UPL's right to terminate the transaction if Commission approval has not been received by January 31, 2022.

Cobra and Huntington subsequently entered into an agreed amendment to the Cash Collateral Order which extended the budget thereunder through August 2021. *See* Bankr. Dkt. No. 156. It is not clear if, or for how long, Huntington would agree to further extend the budget for Cobra to use Huntington's cash collateral beyond the existing August 2021 expiration of the Cash Collateral Order, further underscoring the urgency of a prompt determination by the

Commission on this application in order to ensure a safe, reliable, and orderly transition of natural gas services.

E. Cobra's Bankruptcy Auction

On April 8, 2021, the Bankruptcy Court entered an order on the Sale Motion, which approved Cobra's proposed procedures for the auction of its assets. *See* Bankr. Dkt. No. 155 (the "Auction Procedures Order"). Pursuant to those procedures, Cobra solicited proposals from interested purchasers to serve as the "stalking horse" bidder, which bidder would set a floor price for the auction and proposed sale terms from which other interested bidders could work in framing their own proposed terms.

On June 4, 2021, Cobra gave notice of its selection of UPL as the stalking horse bidder at an opening bid of \$3,550,000.00. *See* Bankr. Dkt. No. 205. UPL's initial stalking horse bid contemplated UPL's purchase from Cobra of the assets relating to the Holmesville system, the North Trumbull system, and the Grain Dryer Farm/Nursery Customers, but excluding the assets relating to the Churchtown system. *See* Exhibit to Bankr. Dkt. No. 205. Subsequently, in response to concerns raised by bankruptcy counsel for the Commission's Staff regarding continuity of service to Cobra's customers in the Churchtown system, UPL and Cobra amended the Asset Purchase Agreement to also include UPL's purchase of the assets relating to the Churchtown system. *See* Bankr. Dkt. No. 210.

On June 15, 2021, Cobra held a live auction pursuant to its authority under 11 U.S.C. § 363 and the Auction Procedures Order. *See* Bankr. Dkt. No. 211. Bankruptcy counsel for the Commission's Staff attended that auction. At the auction, no higher or better bid was received by Cobra and UPL's stalking horse bid was selected as the winning bid. *See* Bankr. Dkt. No. 212. The only other bid received at the auction was from Summit Petroleum, which submitted a

bid in the amount of \$2.79 million for substantially the same assets as UPL and was selected as the back-up bidder, which means that Summit Petroleum will be obligated to purchase the assets in the event that the sale between Cobra and UPL does not close. *Id.* Upon information and belief, Summit Petroleum is not a regulated utility in Ohio.

On June 22, 2021, the Bankruptcy Court held a hearing on the contemplated sale by Cobra to UPL and, on July 1, 2021, approved the sale, subject to any requisite regulatory approval from the Commission. *See* Bankr. Dkt. No. 217, ¶ 19. It is contemplated that Knox will receive an assignment of the Systems directly from Cobra at the closing of the transaction. To advise the relevant customers of the filing of this Joint Application, a notice will be mailed to Cobra's customers providing them notice of this Joint Application and proposed assignment of the Cobra systems to Knox. Attached hereto as Exhibit E is a form notice that the Joint Applicants will be submitting to PUCO Staff for comment and approval prior to serving the notice on the relevant customers.

UPL's acquisition and assignment to Knox of the Systems is governed by the Asset Purchase Agreement. In addition to the physical assets that make up the Systems, UPL is acquiring, and will assign to Knox, certain contracts identified in the Asset Purchase Agreement. Following the closing of the sale of the Systems to UPL, and their assignment to Knox, the new ownership will enter into new transportation contracts with NEO, with no anticipated or planned interruption of service. As explained in the accompanying testimony from Cobra, Cobra's transportation agreements with NEO have resulted in significant operating and financial losses for Cobra. (Cobra Testimony, A9.)

III. LEGAL STANDARD

The management agreement between UPL and Knox is not subject to Commission approval under R.C. 4905.48, as neither UPL nor Knox is a regulated utility. Moreover, the Commission has routinely 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 R.C. 4905.20 or 4905.21, and thus not subject to the requirements of these statutes. *See, e.g., In the Matter of the Application of Northern Industrial Energy Development, Inc. and Knox Energy Cooperative Association, Inc. to Substitute Natural Gas Delivery Service and Transfer Assets and Customers*, Case No. 05-1267-GA-ATR, Finding and Order, ¶ 9 (Dec. 14, 2005) (collecting cases). In such cases, however, the Commission has found it appropriate to exercise its general supervisory authority, pursuant to R.C. 4905.05 and 4905.06, to ensure that the proposed substitution of providers results in uninterrupted and adequate service to affected end users.

IV. LAW AND ARGUMENT

A. The proposed transfer meets the Commission standard of requiring that the transfer will result in uninterrupted and adequate service.

The Commission has a longstanding practice of approving applications similar to this Joint Application (including applications involving UPL and/or Knox) as reasonable and in the public interest when applicants have shown that the proposed transfer will result in uninterrupted and adequate service. *See, e.g., In the Matter of the Joint Application of Utility Pipeline Ltd., Ludlow Natural Gas Company, LLC and Knox Energy Cooperative Association for Approval of the Transfer of Assets and Substitution of Service*, Case No. 17-1785-GA-ATR, Finding and Order (Oct. 4, 2017); *In the Matter of the Application of Northern Industrial Energy Development, Inc. and Knox Energy Cooperative Association, Inc. to Substitute Natural Gas*

Delivery Service and Transfer Assets and Customers, Case No. 05-1267-GA-ATR, Finding and Order (Dec. 14, 2005); *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of a Transfer of Facilities and Customers, and a Transportation Agreement with Utility Pipeline Ltd.*, Case No. 04-1417-GA-ATR, Finding and Order (Feb. 2, 2005).

Representatives of UPL, Cobra, and Knox are filing testimony concurrently with this Joint Application. As reflected in this testimony, the proposed substitution of natural gas service and transfer of assets being contemplated by the parties will result in adequate and uninterrupted service, thus meeting the Commission's standard. UPL currently provides services that benefit upwards of 55,000 natural gas end users, including operations and maintenance, customer service and billing, gas acquisition and management, and new construction. Over 27,000 of the customers UPL serves are members in not-for-profit, member-owned cooperatives. (UPL Testimony, A5.)

Knox was established in April 1998 as a member-owned, not-for-profit natural gas provider operated by the nine-member Knox Board who meet on a regular basis as directed by Knox's code of regulations. The Knox Board plays an essential role in Knox's governance and operations. (Knox Testimony, A4.) Since its formation, Knox has contracted with UPL for engineering, construction, and operational services to manage Knox's natural gas assets. (*Id.*) This allows Knox to take advantage of UPL's deep experience in constructing and operating rural natural gas pipeline systems, often in isolated or underserved areas, while retaining the benefits and features of a member-owned, not-for-profit cooperative structure. (*Id.*) Knox has a more than 20-year record of providing adequate and reliable service to its natural gas members and of compliance with all applicable federal and state safety requirements. Knox's capabilities are bolstered by a strong financial, operational, and management team of trustees that directs

Knox's activities, and UPL has years of experience operating these Cobra Systems in particular. (*Id.* at A6.)

Knox's decades of experience with the ownership of natural gas systems and management of a member-owned cooperative, together with UPL's extensive operational and management experience, will result in adequate and uninterrupted service to customers serviced by the Cobra Systems. In addition to UPL's long history operating natural gas distribution systems for both non-regulated cooperatives and for regulated public utilities, UPL and Knox have strong incentives to make the investments necessary to maintain and keep up Cobra's Systems. Moreover, the acquisition of the Systems by UPL and their subsequent assignment to Knox permits Knox to utilize UPL's financing and expertise to expand Knox's membership without relying on Knox's individual members to contribute additional capital. (Knox Testimony, A7.) Knox would not be able to embark on acquisitions like the one described in this Joint Application without the ability to rely on UPL to provide the capital investment and operational expertise required to acquire and operate the systems. (*Id.*)

In addition, expansion of the cooperative benefits Knox's mission in two ways. First, it means that Knox is able to expand natural gas service to more customers, often in underserved areas, where propane is often the only viable option. Many of Knox's members have experienced living in areas of Ohio without natural gas service, and the cooperative is continually seeking to bring service to underserved and rural communities. Second, the expansion of the cooperative means that Knox's base purchasing power is greater, which in the aggregate and over time, results in better supply rates for Knox's members. (*Id.*)

Knox's management agreement with UPL governs the relationship between Knox members and UPL, and it ensures that UPL remains accountable to the Knox Board, for the

services provided under the management agreement. (*Id.*) Under the management agreement, as an independent contractor UPL assumes the upfront financial risk and capital expenditures associated with these transactions, and system operation and maintenance. In exchange, and through the provision of adequate natural gas service to Knox's members, UPL is able to recoup its capital expenditures and the costs of maintaining and operating the systems and providing related services through fees paid by the cooperative members. (UPL Testimony, A5.)

This model provides a myriad of benefits, not just to Knox's 21,000 members, but to the Ohio market as a whole. Without the capital and expertise provided by UPL, many underserved areas in Ohio would simply not receive natural gas service, and many Ohioans would still need to look to propane as their only viable option. (Knox Testimony, A4.) The expansion of Knox's membership over more than two decades, in many cases in areas that would not attract investment from regulated utilities, proves the benefits conferred on thousands of Ohio residents of the long-established cooperative legal framework and speaks to the importance of the niche that Knox fills in the Ohio natural gas market.

As a matter of long-standing practice, UPL brings expansion opportunities to cooperatives such as Knox for their review. The Knox Board then evaluates the expansion opportunity, and if it finds such opportunity to be in the best interests of its members, it independently approves of the transaction. With respect to the proposed assignment to Knox of the Cobra systems, UPL has presented information regarding those systems to Knox's Board, and the Board is currently evaluating that assignment. The Board is expected to address the matter of an approval during its next regularly scheduled meeting on July 27, 2021, and Knox will submit supplemental testimony in support of this Joint Application following any Board approval. (Knox Testimony, A4, A7.)

Knox's and UPL's long-standing and untarnished operational and safety records, and their strong working relationship, establish their ability to assume ownership and safe and reliable operation of the Systems as contemplated by the Asset Purchase Agreement. *See Bankr. Dkt. No. 217.* Because the proposed acquisition will result in adequate and uninterrupted service, the Joint Application should be approved by the Commission.

B. If the Commission requires a showing of reasonableness, above and beyond the long-established standard of adequate and uninterrupted service, the proposed transfer should be approved.

The Commission recently applied a heightened standard, appearing nowhere in the Code, rules or Commission precedent, which suggests that a showing of reasonableness must also be made for the approval of the transfer of a regulated natural gas system to a cooperative. *See In the Matter of the Joint Application of Eastern Natural Gas Company and Village Energy Cooperative Association, Inc. to Substitute Natural Gas Service and Transfer Assets and Customers*, Case No. 18-369-GA-ATR (Oct. 23, 2020). While UPL disagrees with the application of that heightened standard, and has challenged that standard in that matter, for purposes of this application and without waiving any rights to challenge such a standard, the Joint Applicants submit that this proposed transaction would also meet the standard set forth in Case No. 18-369-GA-ATR.

Specifically, the proposed transfer is reasonable and also in the public interest because, in addition to ensuring continued service from the Systems, the transfer (1) is, in the Joint Applicants' judgement, the best option to ensure continued operations of the Cobra Systems, (2) ensures continued operation of all four Cobra Systems without interruption, and (3) will permit required system repairs and upgrades that Cobra's past and current financial model has not supported and cannot support.

1. UPL's bid is the best option to ensure continued operations.

There was no higher or better bid for these four Cobra Systems at the bankruptcy auction. From the standpoint of ensuring continuity of service, it is reasonable and in the public interest to approve this Joint Application because it ensures that ownership and management of Cobra's assets will pass to entities with a demonstrated expertise and capability to safely and adequately operate the Systems. While a back-up bid was identified, the Joint Applicants believe that UPL and Knox are in the best position to take over these assets. UPL and Knox have over twenty years of experience in handling these types of transfers of assets, and the ownership and operation of rural natural gas systems, and the strength of UPL's bid demonstrates its commitment to ensuring that those customers served through Cobra's Systems receive a high level of service and a continuity of safe and reliable service. (*See* UPL Testimony A4; Knox Testimony A6.)

If the Joint Application is not approved in an expedited fashion, that could result in a potentially unpredictable transition to another operator that may not have the same operating familiarity with these Cobra Systems as UPL. This scenario would unfold against the backdrop of Cobra's severely deficient financial position, and significant uncertainty as to whether Huntington will continue to provide cash to Cobra to safely and reliably operate the systems after August 2021. With the transfer of the Systems to UPL, the entity already providing as-requested maintenance and repair services to portions of Cobra's systems, and the subsequent transfer to Knox, the Systems would be seamlessly folded into an ownership and management structure with an established track-record for safely and reliably operating such rural systems. With UPL's management and operational expertise, and Knox's established member ownership structure, there is no question that from Day 1 the Cobra Systems would be safely and

adequately owned, operated and maintained upon approval of this Application by the Commission. It would not be in the public interest to scuttle a transaction that may present the only realistic opportunity to transfer the continued safe operation of these natural gas Systems.

2. This acquisition ensures continued operation of all four Systems.

In addition to representing the best, safest and most realistic option for these Systems, UPL responded to feedback from Staff's bankruptcy counsel and submitted a bid for the Churchtown system, even though it had not initially intended to do so. That ensures that all four Systems will continue to be operated without interruption. Denying this Joint Application could potentially endanger uninterrupted operation of the Systems. Substantially all Cobra's assets are encumbered by a first-priority security interest in favor of Huntington to secure the bank's \$1.9 million loan. *See* Bankr. Dkt. No. 39 at 2; Bankr. Dkt. No. 132, ¶ 7. Given Huntington's lien in Cobra's assets, Cobra's ability to access its cash for continued operations is governed by the Cash Collateral Order, and it is not clear if, or for how long, Huntington would agree to further extend the budget for Cobra to use Huntington's cash collateral beyond the existing August 2021 expiration of the Cash Collateral Order. (Cobra Testimony, A8.)

Further, as detailed in direct testimony being submitted by a representative of Cobra, Cobra's current financial state is such that a timely transition to a more financially able owner is imperative to avoid a potential disruption in operation of the Systems. Without an increase in Cobra's tariff rates, it would not have the funds to adequately staff its operations and maintain and repair its system. After numerous attempts to secure a tariff increase without success, Cobra's largest secured creditor has run out of patience and has forced a sale. Absent some change in Cobra's rate structure, it will not be possible for a new owner to generate revenue from Cobra's assets sufficient to pay normal operational expenses and taxes relating to the systems

under Cobra's current contractual arrangements with off-takers from its system, let alone sufficient revenue to permit Cobra to make necessary repairs and upgrades to the systems that will be required to continue safely operating the systems and ensure the continuation of adequate and uninterrupted service to customers. (*See* Cobra Testimony, A8-A9.)

Approval of this Joint Application is the best way to ensure a swift transition that avoids these issues. It also ensures that downstream users are protected from needless disruptions. Moreover, UPL's agreement with Knox helps to ensure stability over the long term. (UPL Testimony, A6.) That is because there are limits on the extent to which UPL can increase its management fees. (*Id.*) These limits extend to both the fixed per-meter fee and volumetric adder fee that UPL charges, and increases to both types of charges are subject to contractual caps. (*Id.*)

3. A timely and orderly transition to Knox and UPL will ensure that needed system repairs and upgrades happen in the near future.

Another aspect of this acquisition counsels prompt consideration and approval of the Joint Application—the Systems' need for maintenance and upgrades in the near term. Cobra has fewer than optimal employees in the field and is currently supplementing its field service staff with contract services provided by UPL and others. (Cobra Testimony, A5.) As a result, UPL has unique insight into the needs of these Systems and can advise Knox on the operational and financial aspects of the Systems in the future. (UPL Testimony, A6.)

UPL currently estimates that certain parts of the Systems will need work within the next twelve to eighteen months. (*Id.*) Once again, these needs should be understood in relation to Cobra's dire financial state and inability to pay for such upgrades, and in particular, the potential uncertainty introduced by Cobra's lending arrangements. (*See* Cobra Testimony, A8.) They should also be understood in relation to the competing bids for the Systems that were made

during the bankruptcy auction process. Knox and UPL have a demonstrated level of interest and expertise in operating these systems.

IV. CONCLUSION

The Joint Application goes above and beyond the long-established standard for transfers of this type. That standard requires only that the proposed substitution of providers result in uninterrupted and adequate service to customers. Given UPL and Knox's decades of demonstrated safe ownership and operational experience, UPL and Knox's ability to ensure uninterrupted and adequate service cannot be disputed. The transfer requested through the Joint Application represents the only viable alternative currently on offer for the continued, safe operation of the Systems, and it avoids the operational and financial complications that will likely arise from a delayed or piecemeal approach to these Systems.

For the foregoing reasons, the Joint Application should be approved because the applicable standard is met. In addition, Cobra's dire financial condition, the uncertainty of continued funding from Huntington, and the impending need for safety improvements and maintenance to the Systems all support the Joint Applicants' request for approval on an expedited basis.

Dated: July 16, 2021

Respectfully submitted,

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EXHIBIT B

NORTH TRUMBULL SYSTEM

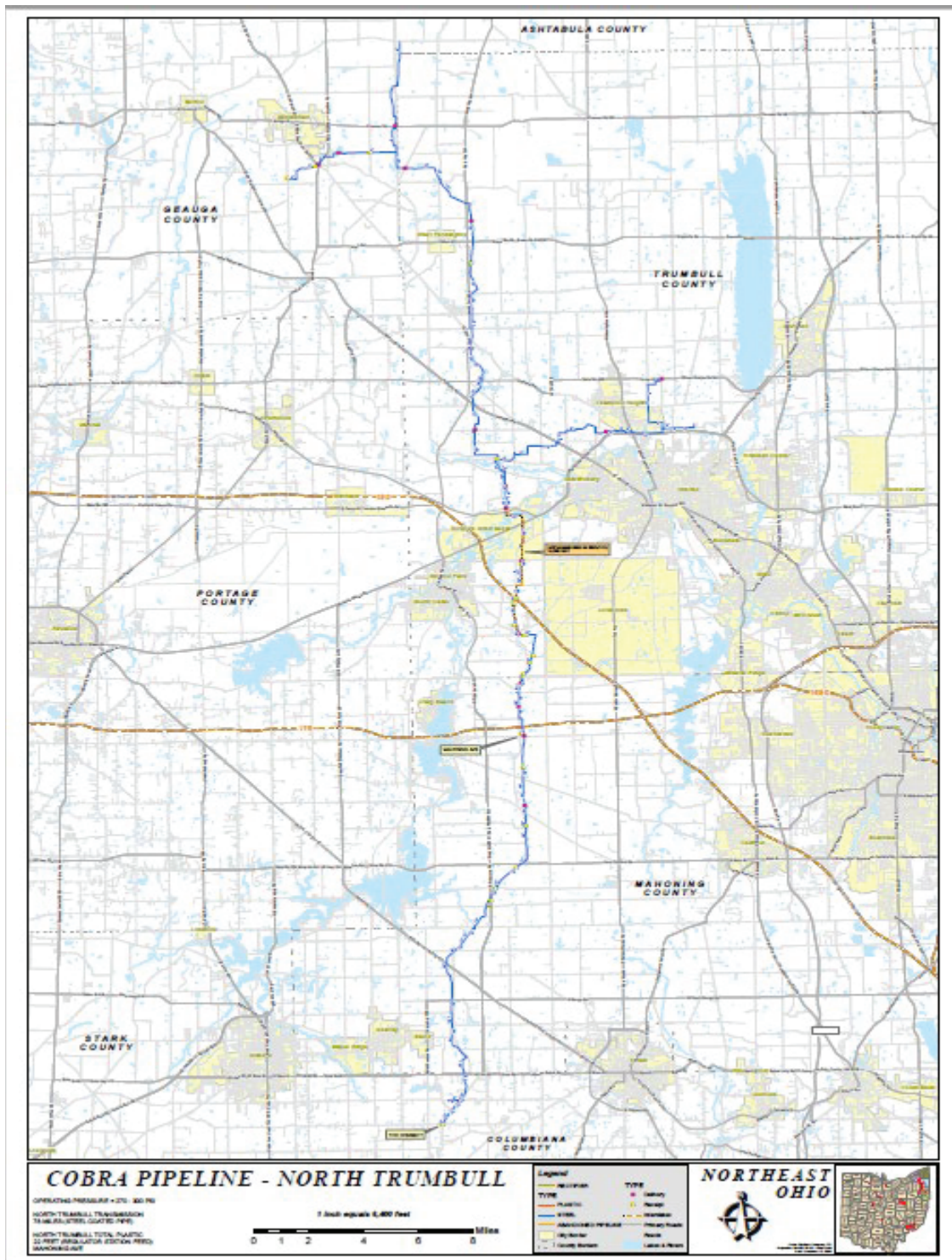


EXHIBIT C
CHURCHTOWN SYSTEM

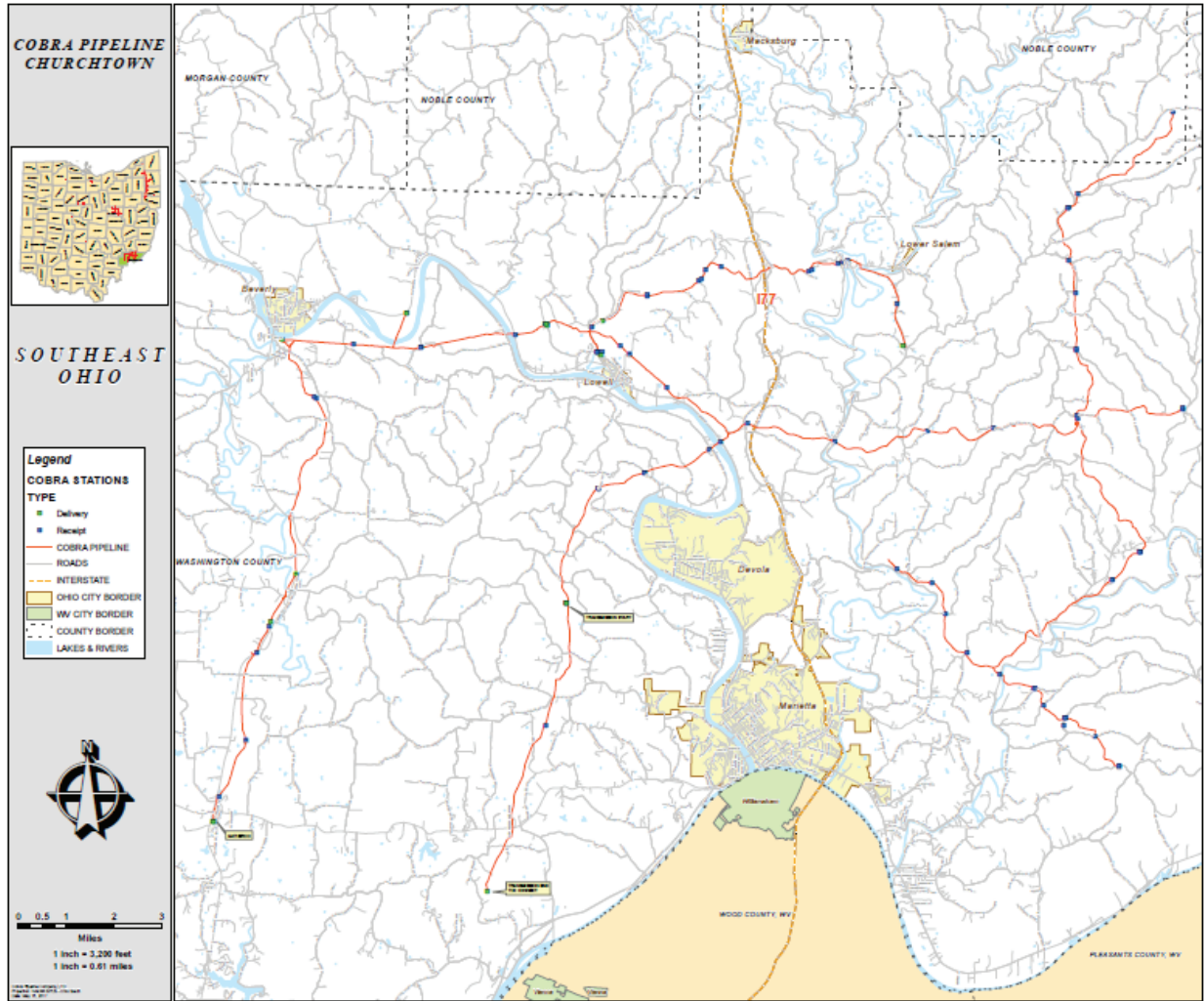
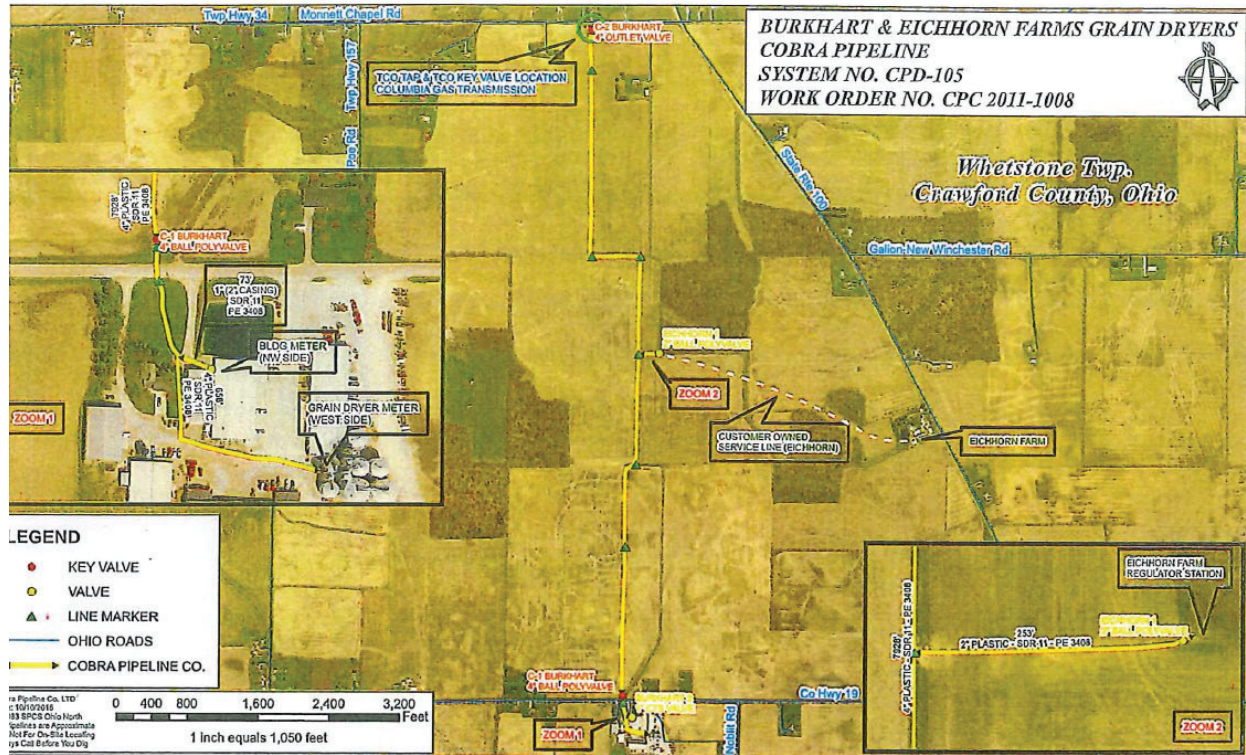


EXHIBIT D

GRAIN DRYER FARM/NURSERY CUSTOMERS

1. Burkhart & Eichhorn Farms – Exhibit D-1
2. Decker Nursery – Exhibit D-2
3. Evans Farm – Exhibit D-3
4. Harrison Farm – Exhibit D-4
5. Hord Farm – Exhibit D-5
6. Lininger Farm – Exhibit D-6
7. Stieber Farm – Exhibit D-7
8. Walter Farm – Exhibit D-8
9. Witmer Farm – Exhibit D-9

BURKHART & EICHHORN FARMS



DECKER NURSERY

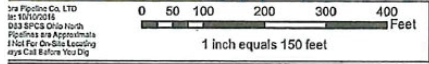


EXHIBIT D-3

EVANS FARM

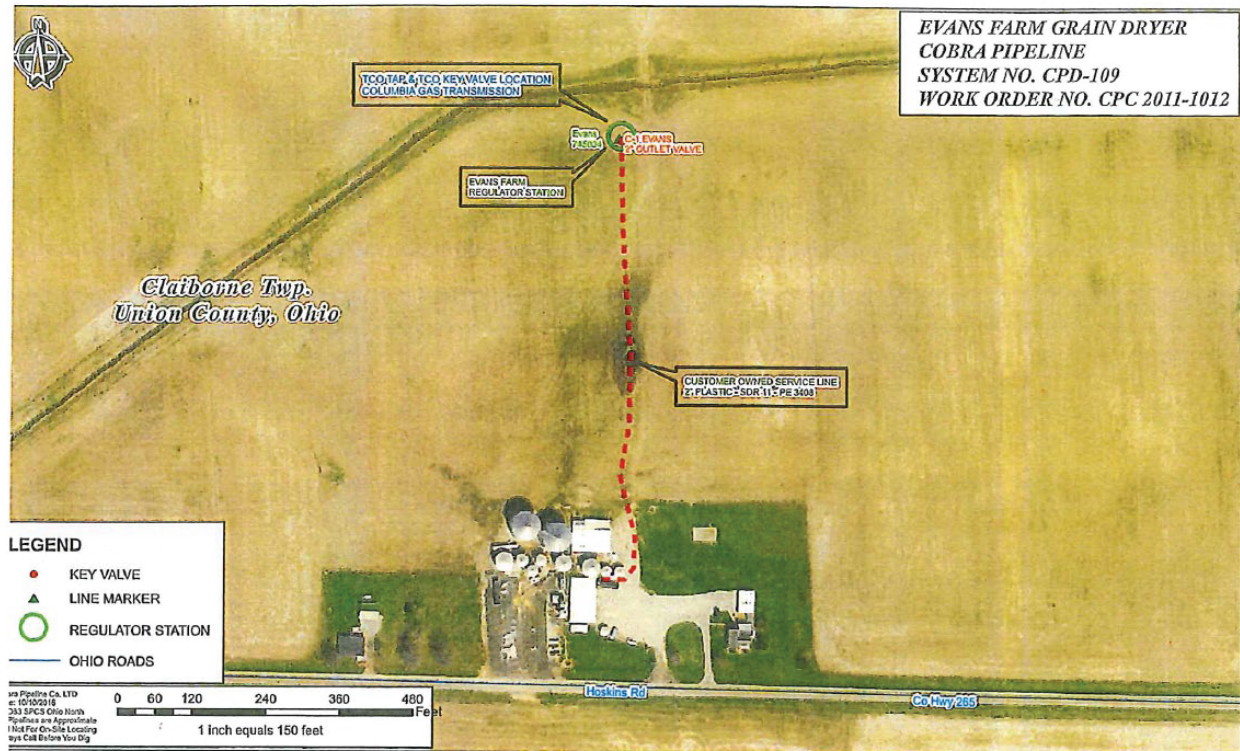


EXHIBIT D-4

HARRISON FARM

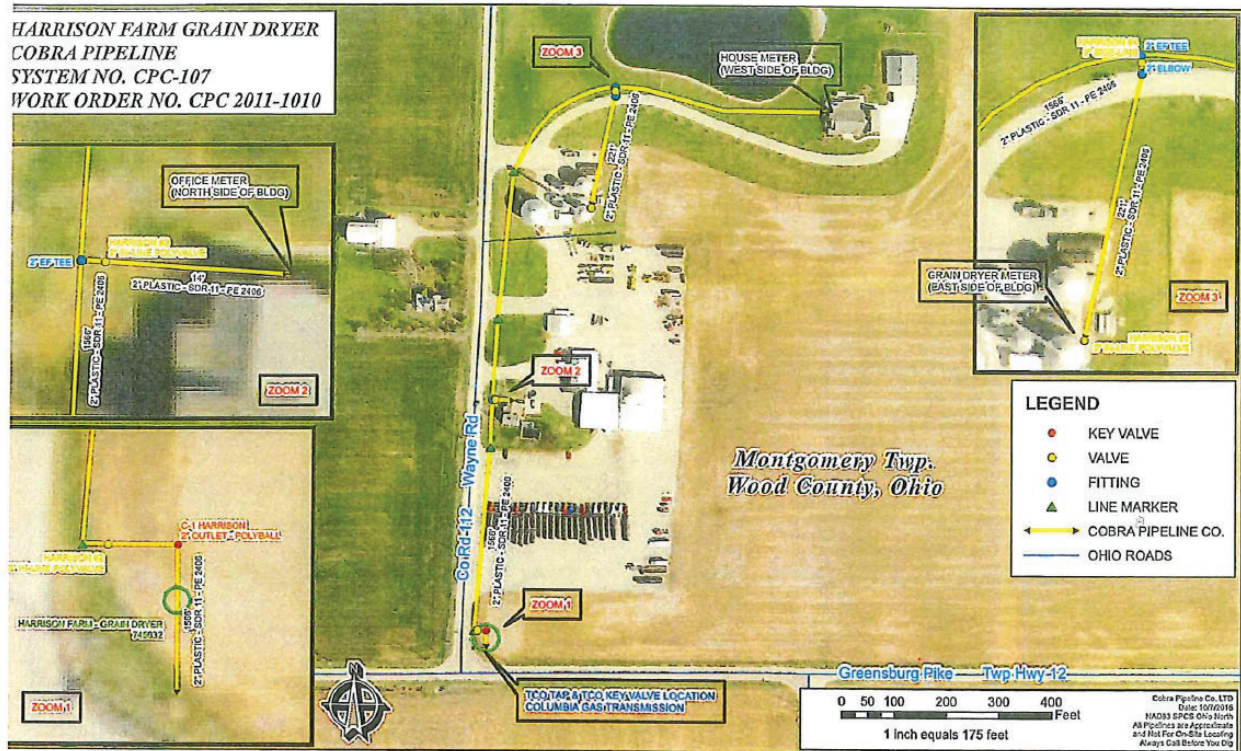
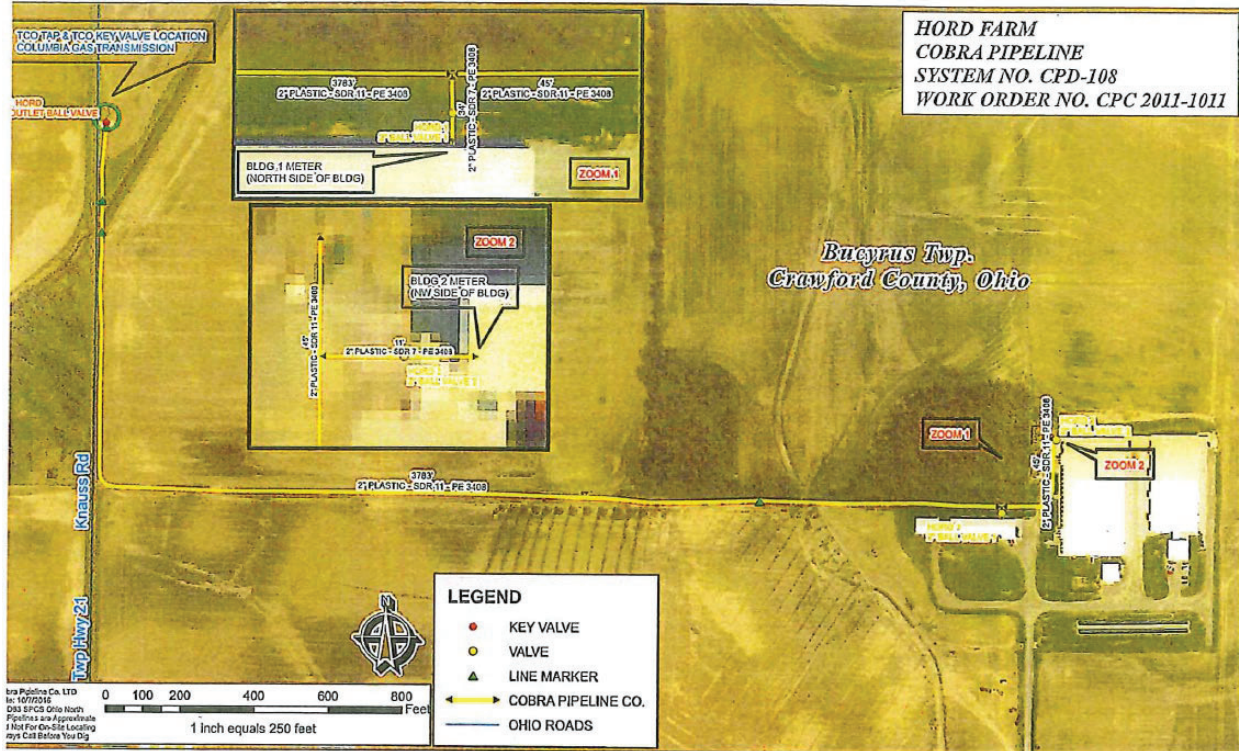
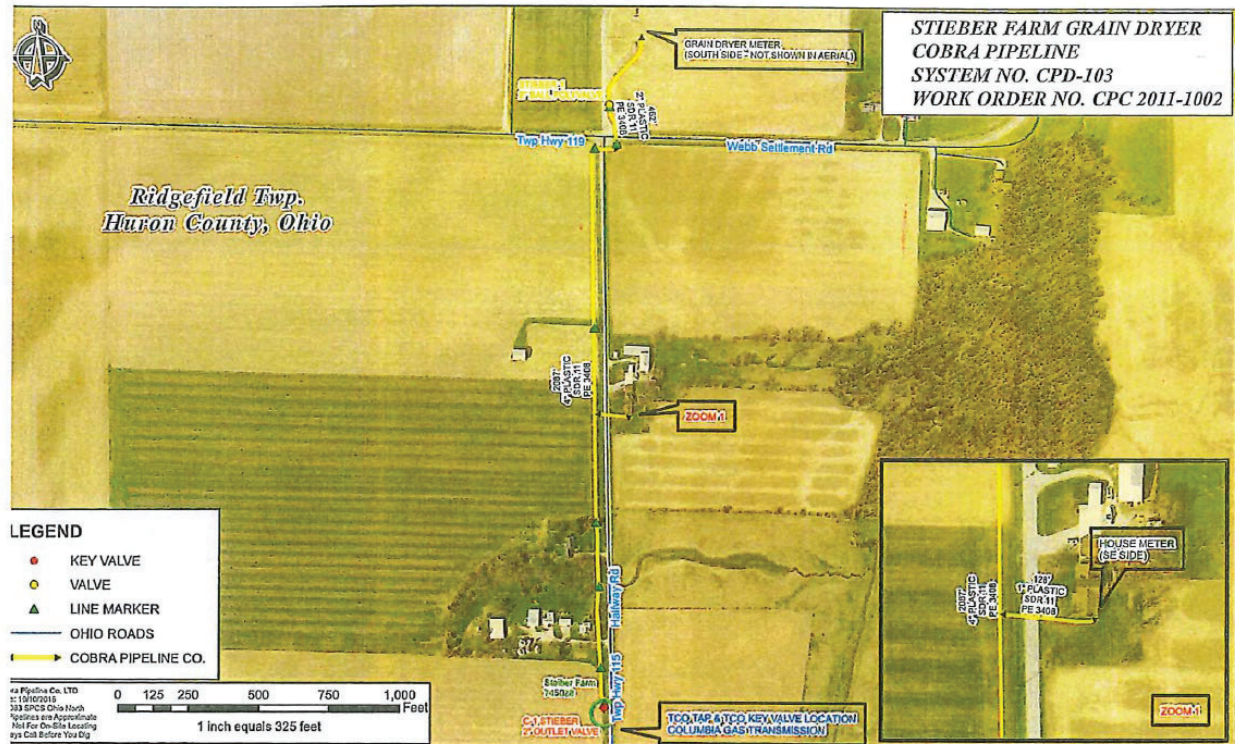


EXHIBIT D-5

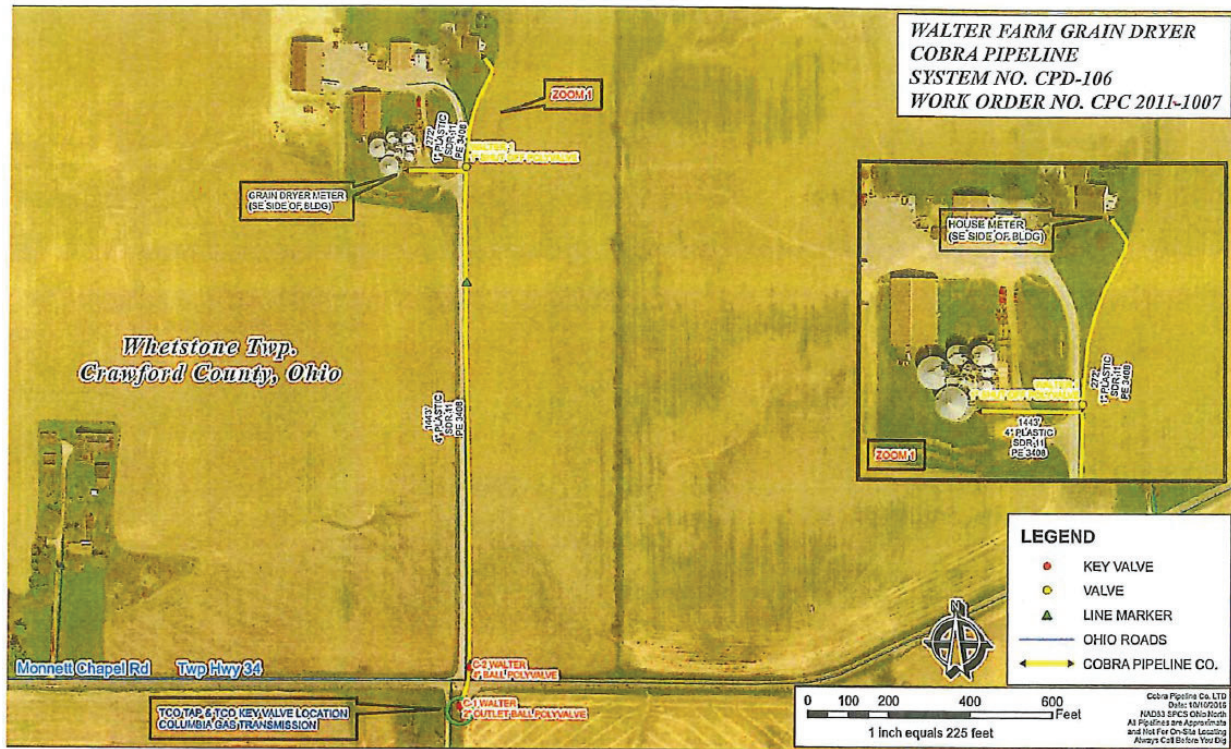
HORD FARM



STIEBER FARM



WALTER FARM



WITMER FARM

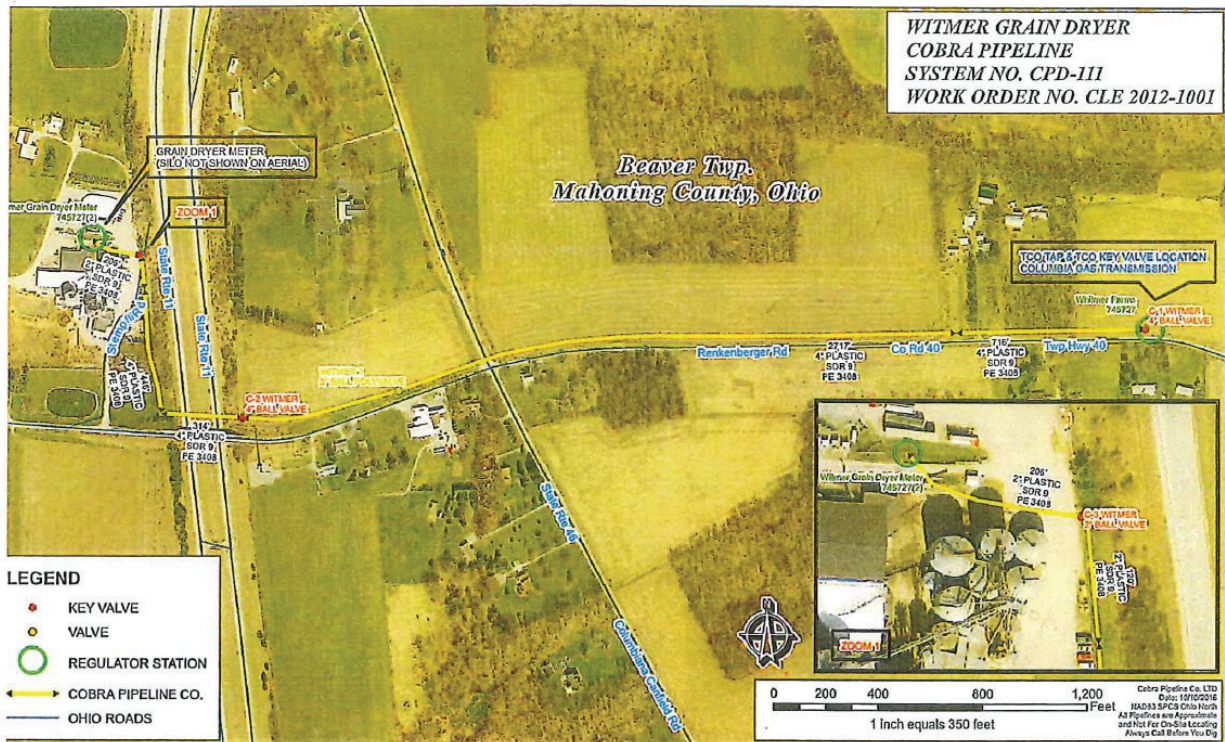


EXHIBIT E

NOTICE TO CUSTOMERS OF
COBRA PIPELINE COMPANY, LTD.

Dear Customer:

On July 16, 2021, Cobra Pipeline Company, LTD. (Cobra), Knox Energy Cooperative Association, Inc. (Knox), and Utility Pipeline, Ltd. (UPL) filed a joint application with the Public Utilities Commission of Ohio (PUCO) requesting, among other things, that the PUCO authorize Cobra's sale of the Holmesville, North Trumbull, and Churchtown distribution systems, and natural gas taps for certain Grain Dryer Farm/Nursery Customers, to UPL and the transfer of customers currently served on these systems to Knox. If the application is approved by the PUCO, Knox will become owner of these natural gas distribution systems and Cobra's customers will become customers of Knox, a not-for-profit, member-owned cooperative.

Knox is a non-profit, customer-owned cooperative formed in 1998 to bring gas service to rural communities. Knox currently serves approximately 21,000 members in Ohio and Pennsylvania, and is governed by a Board of Trustees that is elected by the membership. The Board of Trustees of Knox consists of members that are using gas on the Knox pipeline systems. Any member is eligible to run for election and serve on the Board.

As an existing Cobra gas customer, you will be automatically accepted as a Knox co-op member with full membership rights, unless you advise Knox that you wish to terminate gas service. You will not need to do anything to become a member of the co-op, and there will be no cost to you to join and no interruption of service.

Cobra will work with Knox to facilitate the orderly transfer of service. Cobra will issue a final bill, to be paid to Cobra, after which Knox will take over service and billing. Any outstanding deposit will be credited to your Cobra customer account, and Cobra will issue refund checks if any credit balances remain after the transfer of service and issuance of final bills. For those customers with Energy Choice contracts, Cobra expects that these contracts will terminate upon the issuance of a final Cobra bill, with Knox assuming the provision of commodity service. Following the PUCO's decision on the application, you will receive additional correspondence with more details regarding the transfer of service.

Copies of the application may be viewed by visiting the PUCO's online docket at <http://dis.puc.state.oh.us/> and entering 21-0803 in the "Case Lookup" box on the top right of the page. If you have additional questions regarding this matter, you may call Cobra at **440-255-1945** or the PUCO at **(800) 686-7826**.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

7/16/2021 3:36:06 PM

in

Case No(s). 21-0803-GA-ATR

Summary: Application of Utility Pipeline, Ltd., Cobra Pipeline Company, Ltd., and Knox Energy Cooperative Association, Inc. to Substitute Natural Gas Service and Transfer Assets and Customers electronically filed by Mr. David F. Proano on behalf of Utility Pipeline, Ltd. and Knox Energy Cooperative Association, Inc. and Cobra Pipeline Company, Ltd.