BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the 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	))))))	Case No. 21-0803-GA-ATR

REPLY COMMENTS BY UTILITY PIPELINE, LTD., AND KNOX ENERGY COOPERATIVE ASSOCIATION, INC.

I. INTRODUCTION

Utility Pipeline, Ltd. ("UPL") and Knox Energy Cooperative Association, Inc. ("Knox") hereby respectfully submit these reply comments to the comments filed on August 20, 2021, by proposed intervenors Northeast Ohio Natural Gas Corp. ("NEO") and Stand Energy Corporation ("Stand Energy").

The Joint Application provided substantial facts in support of the Joint Application, exceeding what was provided in similar transactions approved by the Commission, and demonstrates that the transaction would result in adequate and uninterrupted service. NEO disputes relatively few of the facts included in the Joint Application. It simply asserts that there is not enough information to evaluate the Joint Application, or that the information provided is "conclusory." (NEO Comments, 6, 8, 9-10.) NEO also invites the Commission to invent a new standard for such transactions, above and beyond the standard applied in *In re Eastern Natural Gas Company and Village Energy Cooperative Association, Inc.*, Case No. 18-369-GA-ATR, Finding and Order (Sept. 23, 2020) ("*Eastern*"), citing only "public policy" in support of this request. (NEO Comments, 19.)

NEO needlessly contentious comments obscure the relevant facts and raise mostly tangential issues that do not speak to whether Knox and UPL can provide adequate and uninterrupted service. NEO's concerns instead appear to stem from its desire to hold on to the low transportation rates it has historically paid to Cobra Pipeline Co., Ltd. ("Cobra"). *See* Final Tariff, PUCO No. 1, Case No. 89-8041-PL-TRF (Sept. 29, 2007), at 7 ($.50 per Dth); *see also* Entry, *In the Matter of the Commission's Investigation of the Proposed Rates and Charges of Cobra Pipeline Company, Ltd.*, Case No. 20-1613-PL-COI (Oct. 21, 2020) (suspending Final Tariff, PUCO No. 2, filed on September 18, 2020 on behalf of Cobra). Stand Energy's comments similarly seek information related to transportation rates, which is not strictly relevant to whether the transfer will result in adequate and uninterrupted service. (*See* Stand Energy Comments, 3.)

In the interest of setting the record straight and addressing the issues that NEO and Stand Energy have raised, UPL and Knox are submitting the following reply comments, including supplemental information that should address the concerns that the commenters have identified. Specifically, UPL and Knox are including with these reply comments (1) the assignment agreements by which Knox will obtain ownership of the Cobra systems, including the maximum rates that will be charged by Knox to its members on a per-system basis, (2) the agreements entered into with most of the Farm/Grain Dryer consumers subject to Commission approval of the transaction,[1] and (3) a representative example of a transportation service agreement between Knox and an entity formerly owned by Richard Osborne. UPL and Knox are also providing information about the maximum rate they anticipate charging for transportation services for utilities and other resellers such as NEO seeking to transport gas across the Cobra systems and

[1] UPL and Knox intend to supplement their disclosures with additional agreements, once finalized.

onto their own distribution systems. Given this information, and the information provided in the Joint Application, the proposed transfer should be approved.

II. LAW AND ARGUMENT

A. The Commission's authority to approve transactions of this kind must be exercised on a case-by-case basis.

NEO refers repeatedly to other cases, but chiefly the *Eastern* case, to justify special scrutiny in this case. The Commission has the authority to weigh whether a given transfer is reasonable and in the public interest, but under the Commission's precedent, that burden is met where the applicants show that the proposed transfer will result in adequate and uninterrupted service. There are several reasons why the commenters are effectively inviting the Commission to depart from that past precedent and essentially invent a new legal standard with unforeseen and problematic consequences.

First, it is well-established that Commission orders must satisfy R.C. 4903.09's requirement of "a reasoned decision based on a factual record." *Allen v. Pub. Utilities Comm'n of Ohio*, 40 Ohio St. 3d 184, 187 (1988). To that end, "each case must be resolved on its facts." *In re Application of Ohio Edison Co.*, 2016-Ohio-3021, 146 Ohio St. 3d 222, 227, ¶ 29 (2016). Different cases about different transactions present different facts. Thus, such cases are only relevant to the extent they are factually and legally analogous to the present case, and the Commission, as a practical matter, has wide discretion on whether past cases should be considered persuasive.

Second, the other cases that NEO cites regarding the Commission's authority to place conditions on transactions like this one are actually quite different from this one. *See In re Merger Involving The Parent Company of Vectren Energy Delivery of Ohio, Inc.*, Case No. 18-1027-GA-UNC, ¶ 16 (Jan. 30, 2019); *In re Application of the East Ohio Gas Company and West*

Ohio Gas Company, Case No. 96-991-GA-UNC, Finding and Order, (Dec. 19, 1996), ¶¶ 14–16. First, these cases involved conditions imposed after extensive commentary by and discussion with Staff. Staff has not yet commented in this case. Second, the record of these cases does not appear to reflect a bankruptcy or insolvency on the part of the owner of the systems being acquired. As the Joint Application indicated, Cobra's bankruptcy presents financial and operational risks that the Commission should take into account. Finally, the issues presented by a merger between public utilities are not necessarily the same as those presented by the transfer of assets and customers from a public utility to a cooperative. While there may be some limited overlap between these two situations, UPL and Knox respectfully submit that there are better analogies in past Commission practice. (*See* Section II.C., *infra*.)

B. The Joint Applicants have provided sufficient facts to show that the proposed transfer will result in adequate and uninterrupted service, and is therefore reasonable and in the public interest.

The Joint Applicants produced substantial evidence, including testimony from three witnesses, showing that the proposed transfer will result in adequate and uninterrupted service. The factual showing that the Joint Applicants have made is sufficient to meet the Commission's standard for approving such transactions. It includes the history of UPL and Knox, the extent of their operations, the footprint of Cobra's systems, the factual and procedural background of Cobra's bankruptcy, the terms of the bankruptcy sale, evidence of the established capability to operate natural gas systems in Ohio, and Knox and UPL's long track record of safe operations, among other things. Significantly, the information and documents that the Joint Applicants provided in this case significantly exceeded the quantity and scope of that provided in similar applications that the Commission approved. *See, e.g.*, *In the Matter of the Application of Southeastern Natural Gas Company and Madison Energy Cooperative Association, Inc. to Substitute Natural Gas Service and Transfer Assets and Customers*, Case No. 15-1508-GA-ATR,

Joint Application (Aug. 26, 2015); *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, Joint Application (Aug. 15, 2017). There, the applicants provided little more than a description of the systems at issue, the organizational history of the applicants, the terms of the purchase and assignment, and broad representations about the abilities of the entities in question. The Joint Applicants went much further in this case, presenting dozens of pages of briefing, exhibits, and testimony. Thus, NEO and Stand Energy are incorrect when they assert that the Joint Application is conclusory or lacks sufficient detail.[2] That is especially true given that UPL and Knox are submitting even more information along with these reply comments.

1. Additional materials being submitted with these reply comments more than amply address the concerns raised by NEO and Stand Energy.

In the interest of moving the Joint Application forward, and to leave no doubt about the sufficiency of the Joint Application, UPL and Knox are providing additional information in response to NEO's and Stand Energy's comments. This information includes (1) the assignment agreements by which Knox will receive the Cobra systems, including the maximum rates that will be charged by Knox to its members on a per-system basis, (2) agreements with most of the Farm/Grain Dryer consumers, and (3) a representative example of a transportation service agreement between Knox and an entity, Orwell-Trumbull Pipeline Co., LLC ("OTP"), formerly owned by Richard Osborne.

[2] UPL and Knox note that NEO has included their responses to NEO's discovery requests with NEO's comments. UPL and Knox provided responses to NEO's requests on August 11, 2021, nine days before NEO filed its initial comments. NEO made no effort to identify alleged deficiencies with these responses or to meet and confer with UPL and Knox until August 26, 2021, the day before these reply comments were due, and more than two weeks after UPL and Knox provided their responses. If NEO believed that the extensive information it sought in discovery was necessary to comment on the Joint Application, it certainly would have attempted to resolve the matter with UPL and Knox before filing its comments.

UPL and Knox recognize that the terms of the assignment agreements regarding Cobra's systems are relevant to the Commission's consideration of this case. While the Commission does not have jurisdiction over Knox's rates or terms of service, UPL and Knox are providing this information to the Commission for the sake of transparency and to ensure that the Commission has sufficient information to determine that the Joint Application is reasonable and in the public interest. As reflected in the assignment agreements for the Churchtown (Ex. A), Holmesville (Ex. B), and North Trumbull (Ex. C) systems, and as described in the Joint Application, each assignment agreement reflects both a flat per-meter service charge and a volumetric (per mcf) charge:

- Churchtown: [redacted] per meter per month (residential); [redacted] per mcf.
- Holmesville: [redacted] per meter per month (residential); [redacted] per mcf.
- North Trumbull: [redacted] per meter per month (residential); [redacted] per mcf.

Each of these agreements also contemplates a one-time membership charge of [redacted]. (Exs. A-C.) Additionally, each assignment agreement provides that annual increases to both the per-meter charge and the volumetric charge are capped at [redacted], and the maximum volumetric charge is permanently capped at [redacted] per mcf. (*Id.*)

UPL and Knox are also providing agreements with most of the Farm/Grain Dryer consumers, which will become effective upon the Commission's approval of the assignment and the closing of the transaction. (*See* Ex. D.) UPL and Knox intend to supplement this filing by providing the remaining agreements once they have been negotiated. The agreements negotiated to date with these incoming members reflect that each of these members will pay a lower rate after the approval of the Joint Application than they are currently paying NEO. (*Id.* at 1.)

Finally, in response to NEO and Stand Energy's stated concerns relating to transportation rates, UPL and Knox are producing a transportation service agreement between Knox and OTP, an entity formerly controlled by Richard Osborne. (*See* Ex. E.) This agreement reflects a rate of [redacted] per mcf. Though this rate is higher than what NEO currently pays, it is not an unreasonable or uncompetitive rate. In fact, it is lower than what Knox already pays NEO under other agreements. Given the information reflected in the draft agreements that UPL and Knox are providing, any doubts regarding the reasonableness of the Joint Application should be resolved in UPL and Knox's favor. The rates contemplated in these agreements are not under the jurisdiction of the Commission. But they are eminently reasonable, and they are a far cry from the runaway increases that the commenters suggest will occur if the Joint Application is approved.

Knox and UPL represent that the maximum rate that they anticipate charging to utilities and other resellers of natural gas, such as NEO, seeking to transport gas across the Cobra systems and onto their own natural gas distribution systems is [redacted] per Dth. Again, such a rate is reasonable and in line with market practices. Knox and UPL are providing this information in the interest of transparency and to address any concerns raised by the commenters about the potential for uncontrolled rate increases if and when the Joint Application is approved and the rates for such services are no longer under the Commission's jurisdiction.[3] This additional information allays any concerns that this transaction could interrupt service to downstream customers.

[3] This information would seem to be of particular importance to NEO, but Stand Energy similarly raised questions about transportation rates. However, Stand Energy is not a utility or reseller, but is instead a broker and competitive supplier of gas, which places Stand Energy in a different position in this case.

While Knox and UPL respectfully submit that the evidence initially submitted with the Joint Application was more than sufficient to allow the Commission to approve it, the additional materials being provided now in response to NEO and Stand Energy's comments should remove any doubt. At a minimum, they resolve the main complaint that NEO and Stand Energy make in their comments, which is that the Joint Application is too vague and lacks details about the financial and operational details of this transfer, especially as it pertains to rates and terms of service.

2. Other factual questions raised in the comments are either mistaken or irrelevant.

NEO and Stand Energy's other complaints about the factual showing made by the Joint Applicants in this case are not persuasive. A key theme of the commenters is that Knox is wholly "unregulated," (NEO Comments, 1, 15; *see* Stand Energy Comments, 2). They do acknowledge that Knox is regulated by the Commission for safety purposes. *See* Ohio Adm.Code 4901:1-16. But NEO and Stand Energy ignore that Knox is regulated by government entities other than the Commission, such as the Internal Revenue Service, as a 501(c)(12) entity. *See* 26 U.S.C. § 501(c)(12); PLR 9715045 (Jan. 16, 1997) (citing Rev. Rul. 67-265 and Rev. Rul. 83-170). Knox is also governed by a Board democratically elected by its own members. *See Puget Sound Plywood v. Commissioner*, 44 T.C. 305, 307-08 (1965) (cooperatives involve (1) democratic control by the members, (2) vesting in and allocating among the members all excess operating revenues over the expenses incurred to generate the revenues (*i.e.*, operating at cost), and (3) subordination of capital.). Under this cooperative model, each member gets one vote regardless of energy usage, and the members elect the individuals, who themselves are members, who serve on the Board, and the Board in turn establishes rules, regulations, and service levels.

The statutory reason that Knox is not regulated by the Commission (except for gas safety purposes) is that it is "operated exclusively by and solely for its customer . . . delivering natural gas for the consumers' own intended use . . . and not for profit." R.C. 4905.02(A). Pursuant to IRS regulation, cooperatives like Knox cannot operate for profit, *i.e.*, to the extent revenues exceed expenses, such excess must be returned to the members. Thus, there is no incentive for the Board to charge excessive rates, as any resulting profit must be returned to the members who paid those rates.

Furthermore, Knox is bound by the contracts that it enters into, and any applicable Ohio or federal statutes. Disputes that arise under this structure can be addressed like any other business dispute, including with recourse to the courts. For these reasons, it is profoundly unfair to suggest that Knox, or any other cooperative, is incapable of operating under a different model than a public utility.

NEO makes other odd statements about Knox's status as a cooperative. For example: "Despite being a relatively young cooperative, Knox has refused to provide information showing how its acquisitions have impacted its members." (NEO Comments, 16.) The relevance of Knox's age is unclear, and the connection between Knox's age and NEO's request is even less clear, though Knox notes that NEO itself has only served customers since 1986, only about a decade longer than Knox.[4] In any event, Knox *has* provided information showing the impacts of its acquisitions. The testimony submitted on Knox's behalf described the growth of Knox's membership in areas underserved or disfavored by large utilities, and it provided details on Knox's governance and the participation of Knox members in Board elections and annual meetings. (Knox Testimony, A4-A5.) It also explained that the proximity of Knox members to

[4] https://www.neogas.com/about.asp.

some of the systems being acquired will help Knox and UPL to continue delivering service to those members. (Knox Testimony, A6.) Finally, Knox's representative testified about the nature of the relationship between Knox and UPL, reiterated Knox's status as an independent entity, and explained UPL's responsibilities to Knox as an independent contractor. (Knox Testimony, A7.) All of this information speaks directly to the impact that Knox's acquisitions has on its members, and NEO is wrong to suggest otherwise.

Next, NEO doubts "whether Knox is financially capable of operating Cobra" and complains that Knox and UPL have not provided NEO the opportunity to comb through their financial statements. (NEO Comments, 17.) NEO also attempts to create ambiguities where none exist by demanding to know how the "financing" of the systems will work. This issue is not complicated. As explained in the Joint Application and in the responses to NEO's discovery requests, UPL is buying the Cobra systems on Knox's behalf. Knox members will pay volumetric and per-meter charges set by and approved by the Board in return for UPL's services in operating and managing the systems. That is the extent of the financial relationship. The assignment agreements discussed above and submitted alongside these reply comments provide the parameters for that relationship and confirm that Knox will charge reasonable, competitive rates that will ensure adequate and uninterrupted operation of the systems. (Exs. A-D.)

NEO's comments are often speculative and themselves largely "conclusory." For instance, NEO baselessly suggests that Knox will one day be left "to operate an intrastate transmission pipeline system" without "the requisite technical, financial, or managerial capacity." (NEO Comments, 17.) This assertion ignores two important facts. First, the Commission has approved assignments of natural gas assets and customers to Knox in the past, and the fact that Knox, like other cooperatives, relies on the services of UPL to manage and

operate its systems has never been an obstacle to Commission approval in the past. NEO offers no explanation as to why the Commission could have been mistaken in those prior cases. Second, Knox's acquisition of Cobra's systems is geared toward supplying gas to Knox's own members (especially in the area of the Holmesville and North Trumbull systems) and potentially expanding its distribution systems. In other words, while Knox will, where appropriate, enter into transportation arrangements at reasonable rates, it is not seeking to operate Cobra's systems as an intrastate transmission pipeline system, but as part of its distribution system.

Finally, NEO ignores the substance of the Joint Application with regard to the risks posed by Cobra's current financial condition and claims, baselessly, that the mere existence of a backup bid solves those problems. (*See* NEO Comments, 19-21.) It does not. As explained in the Joint Application, Cobra's continued operations depend on its access to funds borrowed from a bank that has effectively forced a sale of Cobra's systems—a precarious situation for any company to find itself in, particularly when trying to safely operate a natural gas system. (Cobra Testimony, A6-A7.) NEO does not actually address this point, and instead chooses to focus on Cobra's recent history before the Commission.

UPL and Knox are not here to relitigate Cobra's past rate cases, though they note that NEO omits any mention of its role in those cases. UPL and Knox do object strongly to the accusation that the Joint Application makes false claims about anything. (*See* NEO Comments, 20.) Setting aside any dispute about how Cobra got to where it is, the financial and operational risks to Cobra's *current* operations as a result of the bankruptcy are real, and the Commission can and should consider them in relation to the other facts in this case. NEO makes no compelling argument otherwise. It simply asserts that the Commission "can still ensure reasonable, adequate, and uninterrupted service," without actually addressing the risks posed by

Cobra's current financial condition. This argument, as well as the other factual inaccuracies and distortions contained in NEO and Stand Energy's comments, should be rejected. The Joint Application, the associated exhibits and testimony, and the supplemental materials being provided in these reply comments, go far beyond the typical showing in cases of this kind, and they adequately demonstrate that the proposed transfer will result in adequate and uninterrupted service, and is therefore reasonable and in the public interest.

C. NEO's opposition to the Joint Application mistakenly relies on the *Eastern* case and fails to explain why the Commission should rely on *Eastern* as opposed to other precedents.

The factual missteps discussed above are grounded in a flawed legal framework. NEO claims to favor what the Commission "traditionally" does in these cases, (NEO Comments, 4, 16), but NEO's comments point almost exclusively to one case—*Eastern*. Huge sections of the NEO comments cite only the *Eastern* case. But the *Eastern* case created significant confusion in the Commission's precedent in this area, as UPL has explained at length elsewhere. To recap, it was contrary to prior precedent when the Commission decided in *Eastern* that the parties had to prove more than "uninterrupted and adequate service" in order to demonstrate that the transfer was reasonable and in the public interest and should have been approved. (*Eastern* App. for Rehearing, 7.) And while the Commission can depart from prior precedent, when it does so, "it must explain why." *In re Application of Columbus S. Power Co.*, 2011-Ohio-1788, 128 Ohio St. 3d 512, 523, ¶ 52 (2011). Despite its extensive citation of *Eastern*, NEO has offered the Commission no explanation why an outlier case like *Eastern* is more instructive than the far more numerous cases—including cases involving cooperatives like Knox—where the Commission has previously decided in favor of the proposed acquisition.

There are numerous examples in which the Commission found that if a proposed transfer resulted in adequate and uninterrupted service, the application was reasonable and in the public

interest. *See, e.g.*, *In the Matter of the Commission Investigation into the Operation and Service of Lake Erie Utilities Company*, Case No. 86-1561-WS-COI, 1988 Ohio PUCO LEXIS 958, Finding and Order at ¶¶ 6-7 (Oct. 18, 1988); *In the Matter of the Application of Consumers Ohio Water Company and The Village of Perry for Approval of the Sale of Water-works Facilities and the Substitution of the Service Provider*, Case No. 97-479-WW-UNC, 1997 Ohio PUCO LEXIS 677, Entry at ¶¶ 3-4 (Sept. 4, 1997); *In the Matter of the Application of Ohio Edison Company for Approval of the Sale of Certain Electric Facilities to Cuyahoga Falls Municipal Electric Utility, and the Substitution of the Electric Service by Cuyahoga Falls Municipal Electric Utility, Phase IV*, Case No. 99-955-EL-ATR, Finding and Order at ¶¶ 5-6 (Nov. 18, 1999); *In the Matter of the Application of Southeastern Natural Gas Company and Madison Energy Cooperative Association, Inc. to Substitute Natural Gas Service and Transfer Assets and Customers*, Case No. 15-1508-GA-ATR, Finding and Order at ¶¶ 19, 20, 33, 34 (June 1, 2016); *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 at ¶¶ 17-18 (Oct. 4, 2017).

It is patently unreasonable for NEO to make broad claims about what the Commission "traditionally" does, when it cites only one unrepresentative example that departs from past Commission practice. In any event, the present case is distinguishable from *Eastern*, because the prior owner of the assets in that case was not in bankruptcy, and because a significant factor in that case was the fear that cooperative members might overcompensate UPL for the system. This case presents different circumstances. Cobra is in bankruptcy, which places the operational future of these assets in question, and as part of these reply comments, UPL and Knox are disclosing the financial parameters of the assignment agreements. (*See* Exs. A-D.)

Moreover, a careful examination of the record in such cases helps to show why NEO and Stand Energy's characterization of the record in this case is mistaken and very much at odds with prior practice before the Commission. For example, *In the Matter of the Application of Southeastern Natural Gas Company and Madison Energy Cooperative Association, Inc. to Substitute Natural Gas Service and Transfer Assets and Customers*, Case No. 15-1508-GA-ATR, Joint Application (Aug. 26, 2015), the applicants provided an overview of the applicants and their operational history, a summary of the relevant transaction, a general statement regarding the operational rationale for the transfer (efficiency and flexibility), a guarantee of adequate and uninterrupted service, and the terms of a notice to be provided to affected consumers. *Id.* at 1-6. As in this case, a copy of the assignment agreement was provided, as well. *Id.* Ex. A.

Similarly, *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, Joint Application (Aug. 15, 2017), the applicants provided almost identical information. *See id.* at 1-6. Similar to *Ludlow*, Knox and UPL have provided a list of affected customers to Staff, and the relevant assignment agreements are being included with these reply comments. (*See* Ex. A-C.)

In short, contrary to NEO and Stand Energy's assertions, the Joint Applicants have provided more than ample detail to support the claims made in the Joint Application. The commenters simply have not explained why *Eastern* is more relevant than other past cases, nor have they explained why the Commission should follow that case as opposed to the many available precedents. Finally, the commenters do not explain why the Commission should overlook the fact that the Joint Application is more detailed than other past applications that the Commission has approved.

D. NEO improperly invites the Commission to invent a completely new legal standard for transactions of this type.

In addition to distorting the factual record and past Commission precedent, NEO asks for the Commission to invent an extra standard, in the name of "public policy," for the assignment of assets from UPL to Knox. (*See* NEO Comments, 18-19.) This request is especially jarring given NEO's repeated characterization of the Joint Application as "conclusory." The Joint Application was thirty-three pages long and was supported by the testimony of three witnesses, an unusually extensive showing in support of this type of application. By contrast, NEO's demand for an entirely new legal standard to govern the transfer of natural gas assets and customers from public utilities to cooperatives does not even cite any prior Commission rulings in which natural gas assets were transferred to a cooperative, nor does it even attempt to explain why those past rulings were erroneous. As with NEO's misguided reliance on the *Eastern* case, NEO ignores the basic principle that when the Commission departs from prior precedent, "it must explain why." *In re Application of Columbus S. Power Co.*, 2011-Ohio-1788, 128 Ohio St. 3d 512, 523, ¶ 52 (2011). A conclusory reference to "public policy," and the existence of cases where the Commission retains jurisdiction over matters other than gas pipeline safety, cannot explain, much less justify, such a significant departure from Commission precedent. The Commission should continue to apply the same standard to all transfers of assets and customers—asking whether the transfer is reasonable and in the public interest, a standard that the Commission has historically found to be met when the transfer results in adequate and uninterrupted service. Neither NEO nor Stand Energy have sufficiently challenged the fact that the Joint Application meets this burden in this case, as there is no legitimate question that the transfer will result in adequate and uninterrupted service.

III. CONCLUSION

The Joint Application meets the standard repeatedly set by the Commission in cases of this kind—namely, that the proposed transfer ensures adequate and uninterrupted service. Far from subjecting consumers to unbounded rate increases by an "unregulated" entity, the Joint Application will result in wholly reasonable rates and terms of service, as confirmed by the supplemental materials being submitted with these reply comments. And under the cooperative structure—a long-established and legally sanctioned structure for operating natural gas systems in underserved areas dating back many decades—any resulting disagreements can be addressed like any other business dispute, including by recourse to the courts.

In short, given the information contained in the Joint Application, the testimony submitted by the parties, and the facts included in these reply comments, the Joint Applicants have more than amply demonstrated that the proposed transfer will result in adequate and uninterrupted service, and is therefore reasonable and in the public interest. The Joint Application should be approved.

Dated: August 27, 2021

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that the foregoing document was served via email on the following parties on August 27, 2021:

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(EXHIBITS A, B, C, D, and E FILED UNDER SEAL)

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Summary: Reply Comments by Utility Pipeline, Ltd., and Knox Energy Cooperative Association, Inc. (Public Version) electronically filed by Mr. David F. Proano on behalf of Utility Pipeline, Ltd. and Knox Energy Cooperative Association, Inc.