

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

IN THE MATTER OF THE JOINT APPLICATION)
 OF ARKANSAS OKLAHOMA GAS) CAUSE NO. PUD 201600439
 CORPORATION AND SUMMIT UTILITIES, INC.)
 FOR APPROVAL OF ACQUISITION OF) ORDER NO. **659979**
 CONTROL OF OKLAHOMA PUBLIC UTILITY)

NMS

HEARING: December 5, 2016, in Courtroom B
 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105
Before Ben Jackson, Administrative Law Judge

APPEARANCES: Olivia Waldkoetter, Assistant General Counsel *representing* the Public
 Utility Division, Oklahoma Corporation Commission
 Dara M. Derryberry and Jared B. Haines, Assistant Attorneys General,
representing the Office of the Attorney General, State of Oklahoma
 Curtis M. Long, Attorney *representing* Summit Utilities, Inc.
 Marc Edwards and C. Eric Davis, Attorneys *representing*
 Arkansas Oklahoma Gas Corp.

FINAL ORDER

BY THE COMMISSION:

The Oklahoma Corporation Commission (“Commission”) being regularly in session and the undersigned Commissioners present and participating, there comes on for consideration and action the Joint Application of Summit Utilities, Inc. (“Summit”) and Arkansas Oklahoma Gas Corporation (“AOG”) for Approval of Acquisition of Control of an Oklahoma Public Utility. The Joint Application was set for hearing on December 5, 2016, and heard on that date.

I. PROCEDURAL HISTORY

On October 12, 2016, AOG and Summit (collectively referred to as “the Joint Applicants”) filed a Joint Application under Oklahoma utility law requesting this Commission’s approval of a proposed Transaction between Summit and the parent company of AOG, A.O.G. Corporation (“A.O.G. Corp.”). The proposed Transaction is based on a particular Stock Purchase Agreement, pursuant to which Summit will acquire from the current stockholders all of the stock of A.O.G. Corp. (the “Transaction”). The Joint Applicants seek approval of the Transaction pursuant to 17 OKLA. STAT. §§191.2 and 191.5 and OAC 45-3-5.1.

Also on October 12, 2016, the Joint Applicants filed testimony in support of their Joint Application. AOG filed the direct testimony of Kim Linam, President and Chief Executive Officer of AOG. Summit filed the direct testimony of Kurt W. Adams, President and Chief Executive Officer of Summit. Summit also filed a verified statement as required by 17 OKLA.

STAT. §§191.2 and 191.3. The Joint Applicants also filed a Motion for Order Prescribing Notice, a Motion for Order Prescribing Procedural Schedule and a Motion for Protective Order. Notices of hearing were issued setting each of the three motions to be heard by the Administrative Law Judge (“ALJ”) on October 20, 2016.

Also, on October 12, 2016, the Joint Applicants served the Attorney General of the State of Oklahoma (“Attorney General”) with copies of all filings made in this Cause through that date, including the Application, the Statement of Summit, testimony and all motions. On October 17, 2016, Assistant Attorneys General Dara M. Derryberry and Jared B. Haines on behalf of the Attorney General entered appearances in this Cause.

The Motion for Order Prescribing Procedural Schedule came on for hearing before the ALJ on October 20, 2016. The procedural dates were agreed to by all parties of record. On November 8, 2016, the Commission issued its Order Establishing Procedural Schedule, Order No. 657683, in which the hearing on the merits was set for December 5, 2016, at 1:30 p.m. before the ALJ.

The Motion for Order Prescribing Notice also came on for hearing before the ALJ on October 20, 2016. In their motion, the Joint Applicants proposed notice by service on AOG’s Oklahoma customers according to 17 OKLA. STAT. §191.6, and that such service be accomplished by bill insert. The ALJ recommended that notice be given in such manner and that notice by publication is not required in this Cause where the relief requested does not seek any change to utility rates or charges, nor to terms or conditions of utility service in Oklahoma. On November 8, 2016, the Commission issued its Order Prescribing Notice, Order No. 657682, in which it found that the relief requested in this Cause does not seek any change to utility rates or charges, nor to terms or conditions of any utility service in Oklahoma, that notice by publication is not required in this Cause, and that notice shall be provided to AOG’s Oklahoma customers by U.S. Mail accomplished by bill insert as prescribed by the Order.

The Motion for Protective Order also came on for hearing before the ALJ on October 20, 2016. In that motion, the Joint Applicants proposed that certain aspects of the Transaction, including the Stock Purchase Agreement, remain confidential and subject to a protective order. The ALJ granted Joint Applicants’ motion and on November 8, 2016, the Commission issued the requested Protective Order, Order No. 657684.

Also, on November 10, 2016, after reviewing all of the pertinent confidential and non-confidential information and documents relating to the Transaction, the Public Utility Division (“PUD”) filed responsive testimony of Jason C. Chaplin recommending unconditional approval of the Transaction by the Commission.

On November 10, 2016, after conducting a review of all the pertinent confidential and non-confidential information and documents relating to the Transaction, the Attorney General filed responsive testimony of Ed Farrar recommending approval of the Transaction with conditions.

On November 21, 2016, Summit filed rebuttal testimony of Kurt W. Adams, acknowledging the recommendations by PUD and the Attorney General for approval. With specific regard to Mr. Farrar’s testimony, Mr. Adams reiterated that this Cause will result in no

increase in AOG's rates and no changes in AOG's terms and conditions of service, and that nothing in this Cause will limit the Commission's authority to review and establish rates and terms and conditions of service based on facts and circumstances that might be presented in any rate review that might come before the Commission in the future.

On December 1, 2016, AOG filed its Affidavit of Service, evidencing that notice of the merits hearing was mailed to AOG's customers in accordance with the Commission's Order Prescribing Notice, Order No. 657682.

On December 2, 2016, the Summary Testimony of Jason C. Chaplin on behalf of PUD, the Summary Testimonies of Kurt W. Adams and Kim R. Linam on behalf of AOG and the Summary Testimony of Edwin C. Farrar on behalf of the Attorney General were filed.

On December 5, 2016, the hearing on the merits was held according to the provisions of the notice prescribed by Order No. 657682, and the procedural schedule established for the Cause by Order No. 657683. The ALJ took testimony on behalf of the Joint Applicants from Kurt W. Adams and Kim Linam. Ed Farrar testified on behalf of the Attorney General. Jason C. Chaplin testified on behalf of PUD in support of the Joint Application.

II. SUMMARY OF EVIDENCE

Kurt W. Adams on Behalf of Summit

Kurt W. Adams testified on behalf of Summit. Mr. Adams is President and Chief Executive Officer of Summit and is responsible for ensuring that Summit and its subsidiaries are appropriately managed and for making sure that their customers receive safe, adequate, and reliable service and their investors receive long-term value. Mr. Adams is also responsible for implementing Summit's overall growth strategy and its continued process of extending gas service to previously underserved areas.

Mr. Adams described his educational and professional background. He received a Bachelor of Arts degree in Government from Skidmore College in 1988, a Master of Arts degree in International Affairs from George Washington University in 1990, and a Juris Doctorate degree from the University of Maine School of Law in 1997. From 1997 to 2003, Mr. Adams was in private practice as a lawyer in Maine. From 2003 to 2005, he served as Chief Legal Counsel to Governor John Baldacci of Maine and, in 2005, he was appointed to the Maine Public Utilities Commission where he served as Chair of the Commission until 2008. In 2008, Mr. Adams joined First Wind Holdings LLC ("First Wind"), a renewable energy development company, where he served as, among other things, Chief Development Officer. Following First Wind's acquisition by SunEdison Inc. in 2015, Mr. Adams joined Summit as Chief Executive Officer.

Mr. Adams testified that Summit is a privately-held holding company with corporate offices in Littleton, Colorado. Summit and its operating subsidiaries have approximately 200 employees and hold assets of more than \$730 million. Through its regulated subsidiaries, Summit provides natural gas service to over 40,000 customers in Colorado, Missouri and Maine. Summit's primary business is local distribution of natural gas through its subsidiaries Colorado Natural Gas, Inc., Summit Natural Gas of Missouri, Inc., and Summit Natural Gas of Maine, Inc.

Summit also provides wholesale gas services through its unregulated subsidiary Wolf Creek Energy, LLC.

Colorado Natural Gas, Inc. (“CNG”) is a regulated natural gas utility headquartered in Littleton, Colorado. CNG owns and operates approximately 1,252 miles of distribution main and 6 miles of transmission main. CNG has historically focused on serving mountain communities west of Denver and Colorado Springs, but also serves territories in other parts of the state. CNG provides service to over 20,000 customers in the counties of Adams, Arapahoe, Cheyenne, Clear Creek, Gilpin, Jefferson, Kiowa, Park, Pueblo, Summit and Teller.

Summit entered Missouri in 2005 through its subsidiary Summit Natural Gas of Missouri, Inc. (then known as Missouri Gas Utility, Inc.) (“SNGMO”). Seven years later, Southern Missouri Gas Company, L.P. merged into SNGMO. Today, SNGMO owns and operates approximately 1,058 miles of distribution main and 304 miles of transmission main in Southern Missouri. SNGMO provides service to approximately 20,000 customers in various communities in Missouri.

Summit Natural Gas of Maine, Inc. (“SNGME”) began operations in 2014 with the development of a distribution system to serve Maine’s Kennebec Valley. Over the past three years, SNGME has installed over 163 miles of distribution main and 68 miles of transmission main reaching out to anchor customers and then focusing on in-fill. Today, SNGME serves approximately 2,500 customers in ten different communities in Maine.

Summit’s unregulated subsidiaries comprise only a small part of Summit’s overall business. Natural Gas Conversion Company was formed to convert residential and commercial customers from alternative fuel sources to natural gas. This company is in the process of being dissolved. Summit Utilities Management Services, LLC was formed to provide construction project consulting and business advisory consulting services for natural gas industry companies. Wolf Creek Energy, LLC was formed to purchase natural gas and contract to transport the gas across Colorado Natural Gas, Inc.’s system and another utility’s system.

Mr. Adams described the transaction by which Summit will acquire control of AOG, a natural gas local distribution company operating as a public utility in Oklahoma. Pursuant to a Stock Purchase Agreement dated August 3, 2016, Summit will acquire all of the shares of AOG’s parent company, A.O.G. Corp., the direct owner of AOG (the “Transaction”). Upon closing of the Transaction, Summit will own 100% of A.O.G. Corp. and will become the indirect owner of 100% of AOG. Summit intends to maintain A.O.G. Corp. as a direct wholly-owned subsidiary and AOG as an indirect wholly-owned subsidiary. Under Summit’s ownership, Mr. Adams anticipates that AOG will continue to operate under its existing tariffs on file with the Commission, and under the AOG name. There should be no immediate or near-term effect on AOG’s business practices, rates or gas supply practices. This includes AOG’s billing, customer service and maintenance and operations functions.

The proposed Transaction is consistent with Summit’s strategy of customer growth through identifying areas with potential for distribution expansion. In addition, AOG has particular areas of excellence developed over its long history of providing gas service in Oklahoma that can benefit Summit’s other operating subsidiaries. Under Summit, Mr. Adams

believes AOG will enjoy increased access to capital to allow for growth and development in areas where AOG has identified opportunities it has been unable to pursue. In essence, AOG and Summit have complementary skills and assets.

With respect to the effect of the Transaction on AOG employees, Mr. Adams testified that part of the rationale for Summit's acquisition of A.O.G. Corp. rests on the expertise that AOG possesses in various areas of its operations. In effect, this expertise resides in AOG's employees and in the processes they have implemented. AOG's employees have developed and maintained an efficient utility that serves its customers and community well. Synergies were not the primary value driver of Summit's decision to pursue this acquisition.

Summit's primary business is the delivery of safe and reliable natural gas service at reasonable rates. Summit's experience in this industry will complement AOG's existing expertise. Furthermore, Summit's access to capital and experience in growing and constructing natural gas distribution systems will help AOG expand its delivery of natural gas service and increase the availability of natural gas within its service territory. Like AOG, Summit operates under a model that encourages strong connections to the communities it serves. Summit comes from a tradition of employees providing service in their local communities. As such, Summit is committed to delivering safe and reliable gas service and reasonable rates in a direct and meaningful way. A similar culture exists at AOG. These similarities between Summit and AOG will strengthen the implementation of their shared values of safe and reliable service, community connection and reasonable rates. Aside from these shared values, the proposed Transaction will provide AOG with greater access to capital that will allow for greater investment in its system and open avenues for growth. Through such growth, and in addition to other shared resources with Summit, he believes AOG will be able to increase the scale of its operations to the benefit of customers.

Mr. Adams also testified about other regulatory approvals for the acquisition. Summit and AOG are jointly seeking approval of the Transaction before this Commission and the Arkansas Public Service Commission. They are also making required filings with the federal antitrust authorities under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

Mr. Adams further testified about the legal standard to be applied in this Cause by the Commission. He understands the standard under 17 O.S. §191.5 to provide that the Commission will approve an acquisition that it finds to be in the public interest unless it finds the existence of one or more of several conditions specified in the statute. According to Mr. Adams, the Transaction proposed by Summit and AOG is in the public interest and none of the conditions described in the statute exist with respect to the Transaction.

Mr. Adams further testified that the proposed acquisition will not adversely affect AOG's contractual obligations or its ability to render the same level of service to customers as it does today. Summit intends to maintain A.O.G. Corp. as a direct wholly-owned subsidiary and AOG as an indirect wholly-owned subsidiary. AOG's business practices and operations will remain the same and the acquisition will not result in any adverse effect on the contractual obligations of AOG. AOG's customers will experience no adverse impact on customer service as a result of the acquisition.

Neither will the Transaction lessen competition in the furnishing of public utility services in Oklahoma. Once the Transaction is complete, AOG will be Summit's only utility holding in Oklahoma, and will not reduce the number of natural gas utilities operating in the state. Summit is not currently operating in Oklahoma.

Neither will the Transaction jeopardize AOG's financial stability, nor will it result in prejudice to the interests of AOG's customers. AOG will remain financially stable while enjoying increased access to capital for growth and further development. The likeliest outcome of the contemplated Transaction is increased financial stability for AOG in addition to enhanced efficiencies in corporate services.

Summit has no plans to liquidate or sell any assets of AOG or A.O.G. Corp., make any material change in their investment policy, business or corporate structure or management that would be detrimental to AOG's customers or contrary to the public interest. Mr. Adams believes the contemplated Transaction will result in enhanced efficiencies and improve AOG's ability to expand natural gas service to the benefit of its customers.

Summit maintains a high level of competence, experience and integrity supporting the public interest in approval of the Transaction. Summit's primary business is providing regulated natural gas service. Summit values its customers and is committed to providing them with safe and reliable service at reasonable rates. These values, coupled with Summit's experience in operating natural gas distribution systems are reflected in Summit's customer growth of 20% per year since 2009.

Mr. Adams testified that none of the parties to the Transaction provides electric service, removing any concerns regarding 17 O.S. §§ 191.5(A)(6) and 191.5(A)(7).

Mr. Adams recommended that the Commission approve the Joint Application as in the public interest.

Mr. Adams also provided rebuttal testimony in support of the Joint Application and in reply to Responsive Testimony of Edwin C. Farrar and Responsive Testimony of Jason C. Chaplin. Both Mr. Farrar and Mr. Chaplin recommended approval of the Joint Application and Mr. Adams noted his agreement with that result.

Mr. Adams also responded to Mr. Farrar's suggestion about issues that might arise in future AOG cases as a result of the Transaction: (1) the acquisition premium for Summit's purchase of the stock of A.O.G. Corp.; and (2) the "level of debt" carried by AOG. Mr. Adams made clear that the Joint Applicants are not seeking and do not expect any changes to AOG's rates as a result of the Transaction. Joint Applicants are not seeking any recovery of any acquisition premium. No relief sought in this case will limit the Commission's jurisdiction over AOG and nothing in this proceeding will limit the Commission's jurisdiction in any future proceeding affecting AOG's rates. The final order that the Commission issues in this Cause should be based on the evidence presented here, not on events that may or may not arise in the future.

In response to Mr. Farrar's concern that AOG "may become over-leveraged as a result of this acquisition," Mr. Adams testified that the Joint Applicants have not proposed any change in AOG's capital structure and that approval of the Joint Application will not result in any such change. Debt is not a factor in this proceeding. An acquisition premium should not affect AOG's business practices or its rates. Following this Transaction, Mr. Adams anticipates (1) AOG will have increased access to capital and increased financial stability; and (2) Summit's access to capital and its experience in building and expanding natural gas distribution systems will help AOG to grow and expand within its service territory where AOG has identified opportunities it has been unable to pursue. This case provides no basis for concern that AOG will become "over-leveraged" as a consequence of the Transaction.

Mr. Adams also testified that to his knowledge AOG has not violated any regulatory requirement by failing to seek the Commission's prior permission to issue debt. He pointed out that Joint Applicants do not propose or expect AOG to take on any new long-term debt as a result of this Transaction. Second, the statutes (17 OKLA. STAT. §§181 *et seq.*) that Mr. Farrar cited in support of his notion that AOG should seek approval for new debt apply to electric utilities only, not natural gas utilities like AOG. If AOG's capital structure or its level of debt should become an issue in future cases before this Commission, approval of the Joint Application in this case will not limit the Commission's jurisdiction to decide such matters on the evidence then presented.

In Mr. Adams' opinion, the Commission should not place present conditions on future proceedings. No one can predict what unforeseen factors may apply in future rate proceedings. The Commission cannot and should not take any action pertaining to matters not now before it. The Commission will have jurisdiction to consider all relevant factors if and when they arise. Regardless, nothing in this proceeding suggests that AOG will not continue to maintain a healthy capital structure.

Kim Linam on Behalf of AOG

Kim R. Linam testified in support of the Joint Application of AOG and Summit. Ms. Linam testified she is employed by AOG as the President and Chief Executive Officer ("CEO"). As President and CEO, she is responsible for overseeing the comprehensive operations of AOG, which includes providing safe, reliable natural gas service to AOG customers, exceptional customer service, ensuring regulatory compliance and ensuring the financial stability of the Company.

Ms. Linam testified the purpose of her testimony was to provide an overview of AOG's operations and management and other information regarding AOG's ownership that is relevant to the Transaction explained in the Joint Application. Ms. Linam stated AOG is a wholly-owned subsidiary of A.O.G. Corp. Summit and the stockholders of A.O.G. Corp. have entered into a Stock Purchase Agreement whereby Summit will acquire 100% of the stock in A.O.G. Corp. A.O.G. Corp. is a holding company, and AOG is its only subsidiary. All utility operations are provided by AOG. AOG is a natural gas utility with 220 employees headquartered in Fort Smith, Arkansas, and operates in western Arkansas and eastern Oklahoma. AOG's operations are regulated in Arkansas by the Arkansas Public Service Commission ("APSC") and in Oklahoma by the Oklahoma Corporation Commission ("OCC"). AOG has approximately

44,000 customers in Arkansas and 14,000 customers in Oklahoma. She testified that AOG is in good financial condition and files annual financial statements each calendar year with the APSC.

Ms. Linam stated that AOG's owners utilized a competitive bidding process which resulted in an agreement with Summit to acquire 100% of A.O.G. Corp.'s stock. This ownership change of AOG requires Commission approval in both of its jurisdictions prior to the closing of the acquisition Transaction. The joint filing before this Commission requests approval of this Transaction. As a result of the Transaction, AOG will become a subsidiary of Summit, but will continue to operate as a natural gas utility regulated by the APSC and the OCC. AOG will remain committed to delivering safe, reliable natural gas service while providing exceptional customer service. As explained in the testimony of Summit President and CEO, Kurt Adams, Summit is in good financial condition and will provide significant capital resources to AOG for improvement of AOG's existing infrastructure, as well as for growth opportunities in underserved communities.

Ms. Linam stated that – as indicated in the testimony of Summit witness Kurt Adams – the Transaction should not have an adverse impact on AOG's customers. Service levels will be maintained, and there are no rate impacts to customers. Further, Summit intends to maintain A.O.G. Corp. as a direct wholly-owned subsidiary and AOG as an indirect wholly-owned subsidiary. AOG will continue to operate under its existing tariffs on file with the Commission, and under the AOG name. If the Transaction is approved, there should be no effect on AOG's business practices or rates, AOG's billing, customer service, maintenance and operations.

Ms. Linam stated that she concurred with the testimony and conclusions of Mr. Adams on behalf of Summit that the Transaction is in the public interest. Again, the Transaction will have no adverse impact on AOG's customers as AOG will continue to operate under its existing tariffs, and maintain its current business practices with regard to billing, customer service, etc. Further, AOG, as a subsidiary of Summit, will have greater access to capital for growth and development in areas where AOG has previously been unable to pursue.

For the foregoing reasons, Ms. Linam recommended approval of the Joint Application.

Edwin C. Farrar on Behalf of the Attorney General

Edwin C. Farrar pre-filed responsive testimony on behalf of E. Scott Pruitt, the Oklahoma Attorney General. He testified as to his educational and professional background as a Certified Public Accountant, and he noted that his qualifications as an expert have been accepted by the Oklahoma Corporation Commission when he has testified before the Commission in past proceedings. Mr. Farrar recommended that the Commission approve the application and allow Summit Utilities, Inc. to acquire control of Arkansas Oklahoma Gas Corporation while noting in the order that no recoverable acquisition adjustment has been requested, and none be allowed unless economically justified. Mr. Farrar also raised the concern that the change in ownership and control could result in actions taken that alter the capital structure of the regulated public utility to the ultimate detriment of Oklahoma ratepayers.

In sur-rebuttal testimony offered orally at the hearing in this Cause, Mr. Farrar responded to the rebuttal testimony of Mr. Adams. He agreed that the statutory review process he had

identified in his responsive testimony was not applicable to the company because it is a gas utility, not an electric utility. Further, Mr. Farrar testified that even though a public utility carrying debt has benefits for ratepayers, it also has risks. The benefit of debt is that it often results in a lower cost of capital because debt offers a lower rate of return than equity and because debt is not taxed at the corporate level. However, public utility debt can also pose risks to ratepayers if public utilities or their holding companies have an over-leveraged capital structure. Excessive leverage can result in revenues being directed toward debt payments instead of investments in the utility system, which will ultimately reduce reliability, safety, and quality of service. Excessive leverage can also result in financial insolvency and bankruptcy, which may result in a loss of Commission jurisdiction and higher rates under a bankruptcy trustee.

As part of his sur-rebuttal testimony, Mr. Farrar recommended that instead of relying on a statutory review process for new securities offerings, the Commission should place a condition on its approval of this acquisition that any new debt offerings be presented to the Public Utility Division and the Attorney General for an explanation of the effects of any debt offering on the capital structure along with assurances that the new capital structure will not result in inadequate or unsafe service. Mr. Farrar also pointed out in his sur-rebuttal testimony that although Mr. Adams made clear that the Joint Applicants were not currently requesting recovery of acquisition premiums, he did not represent that the Joint Applicants would never do so. Mr. Farrar remained committed to his recommendation that the Commission place a condition on its approval that any future request for a recovery of acquisition premiums be limited to amounts that are economically justified.

Ultimately, Mr. Farrar on behalf of the Attorney General recommended that the Commission approve the transaction subject to two public interest terms and conditions. First, any acquisition premium should only be recoverable to the extent it is economically justified. Second, any new debt offering should be reviewed by the Public Utility Division and the Attorney General to ensure it does not result in a capital structure that would undermine the utility's commitment to safe, reliable service.

On cross examination, Mr. Farrar acknowledged that he is recommending that the Commission should approve the Transaction. He also acknowledged that he agrees that Summit offers improved access to capital for AOG and that Summit is committed to providing AOG customers with safe and reliable service at reasonable rates. Mr. Farrar also acknowledged that no recovery of any acquisition premium is requested in this Cause, that no rate relief of any kind is requested in this Cause, and that no request is pending for any change in AOG's debt load or its capital structure. He agreed that if the Commission approves this Joint Application, it will retain all authority to consider and review any future request that will affect AOG's rates. He also agreed that nothing in this Cause would in any way limit the Commission's review in a future rate-related proceeding.

Jason C. Chaplin on Behalf of the Public Utility Division

Jason C. Chaplin is employed by the Public Utility Division of the Oklahoma Corporation Commission. Mr. Chaplin filed responsive testimony on November 10, 2016. The purpose of his testimony is to detail PUD's support for Commission approval of Summit's contemplated acquisition of A.O.G. Corp. and effective control of AOG by explaining that the

acquisition of control satisfies the requirements and conditions set forth in the Oklahoma acquisition statute for public utilities.

As required by 17 O.S. § 191.1 *et seq.*, AOG and Summit filed a Joint Application seeking Commission approval of the acquisition of control of an Oklahoma Utility. The Joint Application, accompanying filed documents, and the confidential documents sufficiently presented the information to address 10 (ten) requirements in 17 O.S. § 191.3. In addition, to gain the Commission's approval of the acquisition, pursuant to 17 O.S. § 191.5, the Joint Applicants must show that none of the seven conditions exist that would require disapproval. For the Commission to deny this application, it must show that one or more of these conditions have not been satisfied. These conditions address contractual obligations and the level of service changes, whether competition would be substantially lessened, whether the financial conditions resulting from the merger might jeopardize the financial stability of the utility being acquired, whether there are plans to liquidate the current Oklahoma public utility, whether the management of the acquiring entity is competent to run the Oklahoma public utility, whether the utility will be operated under current integrated constructs, and whether the acquiring entity is substantially engaged in the business of providing utility service. Based on PUD's analysis of the information presented to address the conditions, PUD believes that these conditions have been satisfied. Therefore, PUD was not able to disprove any condition.

PUD believes the acquisition of control is in the public interest because it appears that AOG will remain committed to maintaining a high level of service to the public, expand service in rural areas in eastern Oklahoma that are not served, and to providing safe, reliable service at a reasonable cost. Summit states in the Joint Application that the acquisition will have no effect on utility rates or charges, nor on terms or conditions of any utility service in Oklahoma. If the proposed acquisition is approved, AOG will continue to be subject to the Commission's jurisdiction as a natural gas local distribution company. For these reasons, PUD believes the Application and supporting documents address the requirements in Oklahoma's acquisition statute for public utilities. In addition, PUD believes the acquisition is in the public interest because AOG will continue to provide safe and reliable service at a reasonable rate. Therefore, PUD recommends that the Commission approve the acquisition of AOG by Summit.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

THE COMMISSION FINDS that it has jurisdiction in this Cause pursuant to Article IX, Section 18, of the Oklahoma Constitution and 17 OKLA. STAT. §§ 152, 153 and 191.1 *et seq.*

THE COMMISSION FURTHER FINDS that the Notice provided in this Cause complies with applicable law, with Order No. 657682 and with applicable Commission rules.

THE COMMISSION FURTHER FINDS that all of the elements of 17 OKLA. STAT. §§191.2 and 191.3 have been satisfied in this Cause, that the Transaction is consistent with the public interest and that the Transaction is in all respects fair, just and reasonable.

THE COMMISSION FURTHER FINDS that none of the disqualifying conditions found in 17 OKLA. STAT. §191.5(A)(1 through 7) exist with respect to the Transaction.

THE COMMISSION FURTHER FINDS that the Transaction will not result in any change in the rates charged by AOG and will not result in any change in the terms or conditions of service provided by AOG.

THE COMMISSION FURTHER FINDS that the Transaction will not result in any change in the jurisdiction of this Commission over AOG and that the Commission retains all its constitutional and statutory jurisdiction to review and establish utility rates and terms and conditions of service for AOG in future proceedings.

THE COMMISSION FURTHER FINDS that the Transaction should be approved by the Commission.

THE COMMISSION FURTHER FINDS that the approval of the Transaction is supported by the substantial evidence in the record and that approval is in the public interest, and is fair, just and reasonable.

THE COMMISSION FURTHER FINDS that there is substantial evidence to support the Commission's findings herein.

ORDER

THE COMMISSION THEREFORE ORDERS that Notice has been properly given and is sufficient according to applicable law, the Commission rules and the provisions of Order No. 657682 issued in this Cause.

THE COMMISSION FURTHER ORDERS that the Joint Applicants have met all applicable criteria for approval of the Transaction.

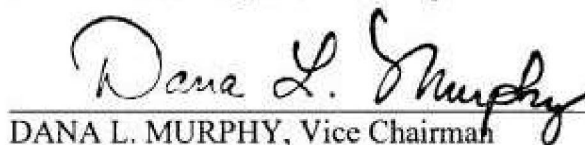
THE COMMISSION FURTHER ORDERS that the Transaction is hereby approved.

THIS ORDER SHALL BE EFFECTIVE immediately.

OKLAHOMA CORPORATION COMMISSION



BOB ANTHONY, Chairman



DANA L. MURPHY, Vice Chairman

J. TODD HIETT, Commissioner

CERTIFICATION

DONE AND PERFORMED by the Commissioners participating in the making of this Order, as shown by their signatures above, this 18 day of January, 2017.

[seal]


~~PEGGY MITCHELL, Commission Secretary~~
JOYCE CONNER, Assistant Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

The foregoing findings, conclusions and order are the report and recommendation of the undersigned Administrative Law Judge.


BEN JACKSON
Administrative Law Judge

1/9/17
Date