

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE PIPE)
REPLACEMENT PROGRAM RIDER OF) CASE NO.
DELTA NATURAL GAS COMPANY, INC.) 2018-00086

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO DELTA NATURAL GAS COMPANY, INC.

Delta Natural Gas Company ("Delta"), pursuant to 807 KAR 5:001, is to file with the Commission the original and an electronic version of the following information. The information requested herein is due on May 10, 2018. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Delta shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Delta fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Delta shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, Schedule I. State if Delta is aware that the proposed rates will not produce sufficient revenues to meet the \$2,017,503 Pipeline Replacement Program (“PRP”) adjustment.

2. Refer to the Application, Schedule V, the responses to Items 1.a., c., and d., and to Schedule VII.

a. The response to Schedule V, 1.a. indicates that Delta is proposing to include Aldyl-A plastic pipe as pipeline eligible for replacement through its PRP. Provide detailed information setting out how much of the \$3.05 to \$6.89 million annual estimated range shown in Schedule VII is related to steel pipeline currently eligible for replacement, and how much represents the cost of 168 miles of Aldyl-A plastic pipe which Delta now proposes to include in the PRP.

b. Refer to the response to Item 1.c. Provide support for the additional 15 years proposed to complete the PRP. Explain how this length of time was chosen, and state whether Delta considered other time periods such as 20 or 25 years in order to lessen the cost impact to its customers.

c. Provide support for the reasonableness of the \$7.8 million cap proposed in the response to Item 1.c. State whether Delta considered lower cap amounts to lessen the cost impact to its customers.

d. Provide estimates of the annual surcharge amounts for each customer class through 2033 based on the high and low ends of the annual cost projections provided in Schedule VII.

e. The response to Item 1.b. states that once a service has been inactive for five years, Delta schedules removal of the service line from the premise.

(1) Explain why Delta removes the service lines rather than abandoning them in place.

(2) Explain if Delta does any analysis to determine which service lines should be removed, or if there is a possibility the service may be renewed.

3. State how Delta proposes to integrate the replacement of Aldyl-A plastic pipe into its steel pipeline replacement efforts. The explanation should include how the risk ranking of the vintage plastic pipe compares to the steel pipe which is eligible for replacement through the program.

4. Provide the number of leaks per year on Delta's system beginning in 2009 through the most recently available leak survey.

5. Provide the annual lost and unaccounted for gas percentage on Delta's system beginning in 2009 through the most available information.

6. Provide a discussion of Delta's PRP cost containment efforts. The discussion should include the bid or Request for Proposal process used to ensure that the cost is as low as possible for Delta's customers.

7. State whether the cost estimates provided in Schedule VII include changes to the federal corporate tax rate. If not, provide any revisions necessary to reflect those changes.

8. Refer to the Application, Exhibit 1, Schedule 1. This page shows a different PRP adjustment from what is shown on Application Schedule 1. Explain each difference between the two pages, and explain which rates Delta is requesting the Public Service Commission to approve.

9. Provide all Application exhibits, Schedules, and responses and all responses to this request for information, as applicable, in Excel spreadsheet format with all cells unprotected and all formulae intact.

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Gwen R. Pinson

Gwen R. Pinson
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Public Service Commission
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DATED APR 25 2018

cc: Parties of Record

Case No. 2018-00086

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