

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DELTA)	
NATURAL GAS COMPANY, INC. FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE AND)	CASE NO.
NECESSITY TO CONSTRUCT A PIPELINE IN)	2022-00295
LINCOLN AND ROCKCASTLE COUNTIES,)	
KENTUCKY)	

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

Delta Natural Gas Company, Inc. (Delta), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on October 5, 2022. The Commission directs Delta to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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 Delta obtains information that indicates 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, Delta 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, paragraph 14 and Direct Testimony of Jonathan Morpew (Morpew Direct Testimony), page 9, lines 19-20. Provide a list of all necessary permits and franchises, the date they are expected to be submitted, the date approval is expected, and the organization from which the permit or franchise will be requested.

2. Refer to the Application, paragraph 16 and the Morpew Direct Testimony, page 4, lines 1-2. Confirm that the areas that will be served by the proposed project do not currently have natural gas service from any provider, including farm tap systems. If this cannot be confirmed, provide the current providers of gas service.

3. Refer to the Application, paragraph 19 and the Morphew Direct Testimony, page 5, lines 19-22 through page 6 line 1. Explain whether the \$20 million reimbursement from the Lincoln County Fiscal Court will be recorded as contributions in aid of construction.

4. Refer to plans and specifications appended to the Application. Identify any alternative designs or material that could be used for the proposed project.

5. Provide the estimated costs and useful lives of alternative pipeline designs or materials identified in the response to Item 4 above.

6. Refer to the Application, paragraph 8. Identify any alternative tap-in locations or other methods considered for extending service considered by Delta for expansion of service.

7. Provide the estimated costs of any alternative tap-in locations or other methods considered for extending service considered by Delta for expansion of service to the areas identified in Item 6 above.

8. Refer to the Morphew Direct Testimony, page 5, lines 1–2. Explain why Delta believes that the length of the proposed project pipeline determined that it should file a Certificate of Public Convenience and Necessity (CPCN) instead of an economic development extension.

9. Refer to the Morphew Direct Testimony, page 6, lines 1–2. Identify all operations and maintenance costs associated with transmission and distribution systems described in the application.

10. Refer to the Morphew Direct Testimony, page 6, lines 7–10.

a. Refer to the Application, paragraph 8. Provide the estimated natural gas demand for each identified city.

b. Provide any studies or other information referencing estimated natural gas demand for the areas identified in response to Item 10(a).

11. Refer to the Morphew Direct Testimony, page 6, lines 7–10. Provide the forecast of customers and annual usage that Delta expects will tap onto the proposed transmission pipeline.

12. Refer to the Morphew Direct Testimony, page 7, lines 4–7. Provide how many of the 2,000 potential customer counts Delta estimates would be residential, small non-residential, and large non-residential.

13. Refer to the Morphew Direct Testimony, page 7, lines 22–23. Regarding the properties the proposed pipeline will cross.

a. Explain if Delta plans to notify these properties of their ability to tap onto the line after the project is completed.

b. Explain if Delta plans to odorize the natural gas that will flow through the proposed project pipeline due to its close proximity to residential properties.

14. Refer to the Morphew Direct Testimony, page 8, lines 9–11. Provide the estimated total amount of above ground facilities Delta plans to install for this project.

15. Refer to the Morphew Direct Testimony, page 8, lines 21–22. Provide an estimated timeline for when Delta plans to have all the necessary field verifications, property surveys, and testing completed.

16. Refer to the Morphew Direct Testimony, Exhibit JM-1. Given the surge in inflation and supply chain issues, explain whether Delta anticipates a change to the proposed budget.

17. Refer to the Morphew Direct Testimony, Exhibit JM-1, at unnumbered page 12. Also, refer to Case No. 2020-00406, Delta's response to Commission Staff's First Request for Information, Exhibit 1, items listed under Phase 3.² The subtotal estimated cost for the proposed project is \$14,942,604.50, while the same project discussed in Case No. 2020-00406 was estimated to be around \$12,961,000.00.

a. Explain why the estimated cost related to the items labeled, "Contractor," and "Labor" in Case No. 2020-00406 have decreased.

b. Explain why the estimated cost related to the item labeled "pipe and other material" in Case No. 2020-00406 of \$2,468,200.00 has nearly doubled to an estimated amount of \$4,618,225.00 for material cost despite the estimated length of the project decreasing from 23 miles to 22 miles.

c. Explain why the estimated cost related to the item labeled "Accounts Payable Misc" in Case No. 2020-00406 of \$963,200.00 has increased to an estimated amount of \$2,482,359.50 for accounts payable.

d. Provide an explanation for the overhead cost of 30.85 percent.

e. Explain if overhead cost was included somewhere in the Phase 3 estimate cost discussed in Case No. 2020-00406.

² Case No. 2020-00406, *Electronic Application of Delta Natural Gas Company, Inc. for Approval of an Economic Development Extension and Regulatory Asset*, Delta's response to Commission Staff's First Request for Information (filed Mar. 17, 2021), Exhibit 1.

18. Provide any documentation referencing the estimated operations and maintenance costs of the transmission and distributions systems described in the application.

19. Provide all studies Delta performed supporting the proposed project, including any cost-benefit analysis of the new pipeline and distribution system.



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DATED SEP 20 2022

cc: Parties of Record

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