

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| ELECTRONIC APPLICATION OF DELTA |) | CASE NO. |
| NATURAL GAS COMPANY, INC. FOR ANNUAL |) | 2023-00343 |
| PIPE REPLACEMENT PROGRAM |) | |

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, shall file with the Commission an electronic version of the following information. The information requested is due by December 4, 2023. 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 or incomplete when made or, though correct or complete when made, is now incorrect or incomplete 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 and scanned 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, Direct Testimony of Jonathon Morpew (Morpew Direct Testimony), pages 4-5. Morpew stated that as of October 6, 2023, Delta planned to install 36,151 additional feet of pipe by year-end, primarily consisting of services in Corbin, Beattyville, Nicholasville, London, and Barbourville, along with distribution mains in Barbourville. Morpew stated that this work is detailed in the Excel file titled "Sch IV 2023" submitted with Delta's PRP filing.

a. List the total footage of each type of pipe (bare steel, coated steel, Aldyl-A, other vintage plastic pipe, etc.) that Delta planned to replace by the end of the year as part of its PRP.

b. Explain in detail how Delta selected each of these segments for replacement.

c. Identify any segments of pipe selected for replacement other than by risk ranking based on prior leak history and explain why these segments were selected for replacement ahead of segments of pipe that pose a higher risk of failure.

2. Refer to the Application, Morphew Direct Testimony, pages 4-5. Morphew stated that Delta planned to replace approximately 86,568 feet of vintage plastic pipe and approximately 7,675 feet of steel pipe during 2024, concentrated in Delta's Clay City, Barbourville, Owingsville, Corbin, London, Stanton, and Nicholasville service areas. Morphew stated that this work is detailed in the Excel file titled "Sch IV 2024" submitted with Delta's PRP filing.

a. List the total footage of each type of pipe (bare steel, cathodically unprotected coated steel, ineffectively coated steel, Aldyl-A, other vintage plastic pipe, etc.) that Delta plans to replace in 2024.

b. Explain in detail how Delta selected each of these segments for replacement.

c. Identify any segments of pipe selected for replacement other than by risk ranking based on prior leak history and explain why these segments were selected for replacement ahead of segments of pipe that pose a higher risk of failure.

3. Refer to the Application, Schedule I.

- a. Explain why Delta applied the tax expansion factor to the entire weighted average cost of capital (WACC) instead of just the equity portion of the WACC.
 - b. Provide the calculation of the WACC used in the 2024 PRP.
 - c. Provide a 2024 PRP rate calculation, in Excel spreadsheet with all formulas, columns, and rows unprotected and fully accessible that applies the tax expansion factor to only the equity portion of the WACC.
4. Refer to the Application, Schedule II 2024.
 - a. Explain why Delta did not use the pro rata method to determine accumulated deferred income taxes.
 - b. Provide a 2024 PRP rate calculation, in Excel spreadsheet with all formulas, columns, and rows unprotected and fully accessible, that uses the pro rata method to determine accumulated deferred income taxes.
5. Explain Delta's process for selecting and prioritizing pipe segments for replacement.
 6. Explain if Delta's 2024 PRP filing includes the replacement of plastic pipe other than pre-1983 vintage pipe. If so, identify the segments by total footage and age, and provide justification for why Delta proposes to include these segments in its PRP.
 7. Provide a copy of Delta's distribution integrity management program.



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Public Service Commission
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DATED NOV 22 2023

cc: Parties of Record

Case No. 2023-00343

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