

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS FILING OF) CASE NO.
DELTA NATURAL GAS COMPANY, INC.) 2022-00100

ORDER

On March 25, 2022, Delta Natural Gas Company, Inc. (Delta) filed its Gas Cost Recovery (GCR) rate report with consolidated GCR rates for Delta and the former Peoples Gas KY, LLC (Peoples) gas system for rates proposed to be effective April 25, 2022. On April 20, 2022, Delta filed a notice regarding rate implementation stating that it would not put its GCR rates as proposed into effect on and after April 25, 2022. On May 17, 2022, Delta filed a motion to close the case proceeding without changing the existing GCR rate for Delta or Peoples.

LEGAL STANDARD

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the

rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.¹

BACKGROUND

On February 22, 2021, the transfer of ownership of Peoples to Delta was consummated following the closing of Case No. 2020-00346.² In Case No. 2021-00185, the Commission approved Delta's request to consolidate its GCR rates for the Delta and former Peoples gas system.³ On March 25, 2022, Delta filed its GCR rate report with separate consolidated GCR rates for Delta and the former Peoples gas systems. Included in the consolidated GCR rate report was a combined system Expected Gas Cost (EGC) rate but separate Actual Cost Adjustment (ACA) and Balancing Adjustment (BA) rate components for each separate gas system. As approved in Case No. 2021-00185, the consolidated GCR rate report was intended to include only the combined system's EGC in the calculation of the GCR rate with the subsequent ACA and BA being implemented in future unified GCR filings.⁴

On May 11, 2022, in response to Delta's motion to schedule an informal conference, Commission Staff met with Delta to discuss the GCR unification process previously established in the Commission's January 3, 2022 Order in Case No. 2021-

¹ KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

² Case No. 2020-00346, *Electronic Application of Essential Utilities, Inc., PNG Companies LLC, Peoples Gas KY LLC, And Delta Natural Gas Company, Inc. For (1) A Declaratory Order and (2) Increase In Rates For Peoples Gas KY LLC* (Ky. PSC Feb. 22, 2021).

³ Case No. 2021-00185, *Electronic Application of Delta Natural Gas Company, Inc. For An Adjustment of Its Rates and a Certificate of Public Convenience and Necessity* (Ky. PSC Jan. 3, 2022).

⁴ Case No. 2021-00185, Jan. 3, 2022 Order at 27.

00185.⁵ Subsequent to the informal conference, on May 17, 2022, Delta filed a motion to close the case proceeding without changing the existing GCR rate for Delta or Peoples. Delta stated that when it submits its next GCA rate report, it will present the filing and supporting data in accordance with the Commission's January 3, 2022 Order in Case No. 2022-00185, as clarified in the Informal Conference held on May 11, 2022.

DISCUSSION

The Commission finds that Delta's motion to close the case proceeding without changing the existing GCR rate for Delta or Peoples should be granted in part. The Commission further finds that the Commission approval in Case No. 2022-00191 of the consolidated GCR rates for Delta and the former Peoples gas system makes the motion to close the proceeding without changing the existing GCR rate as now moot. Delta's previous GCR rate was approved in Case No. 2021-00461,⁶ and Peoples' previous GCR rate was approved in Case No. 2021-00450.⁷ These GCR rates were approved for service rendered until the Commission approved a consolidated GCR rate for the Delta and former Peoples gas system in Case No. 2022-00191.⁸ Delta will be able to recover the missed quarter when it files its subsequent ACA and BA in future unified GCR filings.

IT IS THEREFORE ORDERED that:

1. Delta's motion to close the case in this proceeding is granted in part.

⁵ Order (Ky. PSC May 10, 2022); and Commission Staff's Informal Conference Memo (Ky. PSC May 16, 2022).

⁶ Case No. 2021-00461, *Electronic Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc.* (Ky. PSC Jan. 21, 2022).

⁷ Case No. 2021-00450, *Electronic Purchased Gas Adjustment Filing of Peoples Gas KY, LLC* (Ky. PSC Jan. 28, 2022).

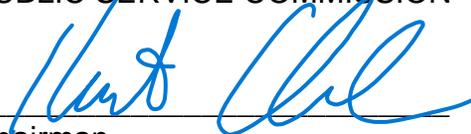
⁸ Case No. 2022-00191, *Electronic Purchased Gas Adjustment Filing Of Delta Natural Gas Company, Inc.* (Ky. PSC July 22, 2022).

2. Delta's motion to close the proceeding without changing the existing GCR rate is moot.

3. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

*John B Brown
Chief Financial Officer
Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391

*Mary Ellen Wimberly
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Monica Braun
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391