

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS	)	CASE NO.
ADJUSTMENT FILING OF DELTA NATURAL	)	2022-00191
GAS COMPANY, INC.	)	

ORDER

On June 24, 2022, Delta Natural Gas Company, Inc. (Delta) filed its proposed unified Gas Cost Recovery (GCR) rate report to be effective July 25, 2022. On February 22, 2021, the transfer of ownership of Peoples Gas KY, LLC (Peoples) to Delta was consummated following the closing of Case No. 2020-00346.<sup>1</sup> In Case No. 2021-00185, the Commission approved Delta's request to consolidate its GCR rates for the Delta and former Peoples gas system.<sup>2</sup> Delta's previous GCR rate was approved in Case No. 2021-00461,<sup>3</sup> and Peoples' previous GCR rate was approved in Case No. 2021-00450.<sup>4</sup>

LEGAL STANDARD

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

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<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> Case No. 2021-00461, *Electronic Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc.* (Ky. PSC Jan. 21, 2022).

<sup>4</sup> Case No. 2021-00450, *Electronic Purchased Gas Adjustment Filing of Peoples Gas KY, LLC* (Ky. PSC Jan. 28, 2022).

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.<sup>5</sup>

### DISCUSSION

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that Delta's unified GCR report includes revised rates designed to pass on to its customers its expected change in gas costs. Delta's unified GCR report sets out an Expected Gas Cost (EGC) of \$11.9556 per Mcf. The unified GCR report is to include only the combined system's EGC rate in the calculation of the GCR rate. The subsequent Actual Cost Adjustment (ACA) and Balancing Adjustment (BA) will be implemented in future unified GCR filings. Delta's ACA will continue to be unavailable until it files its GCR rate report for rates effective around February 2023 and Delta's BA will continue to be unavailable until its first unified ACA quarter expires. Delta's unified GCR report sets out no Refund Adjustment.

Based upon the calculations above, the Commission finds that Delta's unified GCR rate is \$11.9556 per Mcf. Any over or under recovery of actual gas costs will be trued-up when the unified EGC rate is rolled into the unified ACA quarter calculation. The Commission further finds that the rates set forth in the Appendix to this Order is fair, just

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<sup>5</sup> KRS 278.274(2); KRS 278.274(3)(c), and KRS 278.274(3)(d).

and reasonable, and should be approved for service rendered by Delta on and after July 25, 2022.

The Commission finds that for the purpose of transparency and to maintain a record of information for future use, Delta shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. Should Delta purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Delta and set forth in the Appendix to this Order are approved for service rendered on and after July 25, 2022.

2. Delta shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.

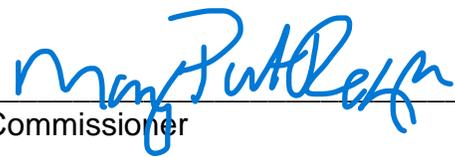
3. Within 20 days of the date of entry of this Order, Delta shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

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

PUBLIC SERVICE COMMISSION

  
Chairman

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Vice Chairman

  
Commissioner



ATTEST:

  
Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00191 DATED JUL 22 2022

The following rates and charges are prescribed for the customers in the area served by Delta Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

#### Gas Cost Recovery rate

The Gas Cost Recovery rate shall be \$11.9556 per Mcf for service rendered on and after July 25, 2022.

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