

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF DELTA NATURAL GAS COMPANY,)	2025-00206
INC.)	

ORDER

On June 25, 2025, Delta Natural Gas Company, Inc. (Delta) filed its proposed quarterly Gas Cost Recovery (GCR) rate report to be effective July 28, 2025. On February 22, 2021, the transfer of ownership of Peoples Gas KY, LLC (Peoples) to Delta was consummated following the closing of Case No. 2020-00346.¹ Delta's previous consolidated GCR rate was approved in Case No. 2025-00097.²

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

¹ 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).

² Case No. 2025-00097, *Electronic Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc.* (Ky. PSC Apr. 24, 2025), Order.

rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.³

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 \$5.7306 per Mcf, which is a decrease of \$1.0856 per Mcf from the previous EGC of \$6.8162 per Mcf. Delta's unified GCR rate report sets out a current quarter Actual Cost Adjustment (ACA) of (\$0.1843) per Mcf. Delta's total ACA is \$1.1969 per Mcf, which is an increase of \$0.7154 per Mcf from the previous total ACA of \$0.4815 per Mcf. Delta's unified GCR rate report sets out a current quarter Balancing Adjustment (BA) of (\$0.0679) per Mcf. Delta's total BA is (\$0.1058) per Mcf, which is a decrease of (\$0.0516) per Mcf from the previous total BA of (\$0.0542) per Mcf. Delta's unified GCR report sets out no Refund Adjustment.

Based upon the calculations of the unified GCR rate discussed above, the Commission finds that Delta's unified GCR rate is \$6.8217 per Mcf, which is a decrease of \$0.4218 per Mcf from the previous GCR of \$7.2435 per Mcf. The Commission further finds that the rate set forth in the Appendix to this Order is fair, just and reasonable, and should be approved for service rendered by Delta on and after July 28, 2025.

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

In Case No. 2024-00346, Delta responded to requests for information regarding its natural gas Aquifer storage facility implemented in 1995 with a capacity of 5.3 Bcf.⁴ For the period of 2010 through 2024, Delta injected and withdrew an average of 2,440,273 Mcf, and 2,401,853 Mcf of natural gas annually, respectively.⁵ The Commission upon review of Delta's unified GCR rate report finds that information related to the injection and withdrawal of natural gas from storage is not readily apparent. The Commission finds that Delta should modify its future GCR rate reports to include information pertaining to the natural gas storage injections and withdrawals in the EGC and ACA components.⁶ The Commission finds that the inclusion of this information will not only improve accuracy but also enhance transparency the tracking, reporting, and recovery of gas costs.

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 should be documented in its cover letter to the Commission.

⁴ Case No. 2024-00346, *Electronic Application of Delta Natural Gas Company, Inc. For An Adjustment of Gas Rates* (filed. Jan. 31, 2025), Delta's Response to Commission Staff's Third Request for Information, Items 26.


⁵ Case No. 2024-00346, (filed. Jan. 31, 2025), Delta's Response to Commission Staff's Third Request for Information, Item 26(h), Attachment, at 4 of 4. Delta's total injections for the 15-year period was 36,604,102 Mcf and the total withdraws for the same period was 36,027,802 Mcf.


⁶ As an example, see, Case No. 2025-00061, *Electronic Purchased Gas Adjustment Filing Of Louisville Gas And Electric Company* (filed Mar. 28, 2025), LG&E May 2025 GSC Filing Exhibits, Exhibit A, at 1 of 2; and Exhibit B-1, at 5 and 6 of 7.

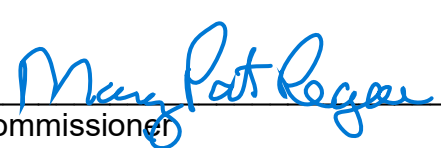
IT IS THEREFORE ORDERED that:

1. The rates proposed by Delta and set forth in the Appendix to this Order are approved for service rendered on and after July 28, 2025.
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. 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 shall be documented in its cover letter to the Commission.
4. Delta shall modify its future GCR rate report filings to include information pertaining to the natural gas storage injections and withdrawals in the EGC and ACA components.
5. Within 20 days of the date of service 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.
6. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00206 DATED JUL 25 2025

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 \$6.8217 per Mcf for service rendered on and after July 28, 2025.

*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, KY 40507-1801

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

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