

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT	)	CASE NO.
FILING OF DELTA NATURAL GAS COMPANY,	)	2026-00174
INC.	)	

ORDER

On June 29, 2026, Delta Natural Gas Company, Inc. (Delta) filed its proposed quarterly Gas Cost Recovery (GCR) rate report to be effective July 29, 2026, which reflected a consolidated GCR rate. With its GCR rate report, Delta filed proposed tariff sheets that reflected the proposed GCR rate and the removal of the \$0.87 per Mcf surcharge initially approved in Case No. 2023-00076.¹ Delta's previous consolidated GCR rate was approved in Case No. 2026-00076.²

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.

¹ Case No. 2023-00076, *Electronic Application of Delta Natural Gas Company, Inc to Establish a Gas Cost Recovery Surcharge* (Ky. PSC Apr. 28, 2023), final Order at ordering paragraph 1.

² Case No. 2026-00076, *Electronic Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc* (Ky. PSC Apr. 24, 2026).

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.³

BACKGROUND

On February 22, 2021, the transfer of ownership of Peoples Gas KY, LLC (legacy Peoples) to Delta was consummated following the closing of Case No. 2020-00346.⁴ Delta initially maintained separate GCR rates for the legacy Peoples' system and the legacy Delta (prior to merger consummation) system. In Case No. 2021-00185, the Commission approved Delta's request to consolidate the GCR rates to reduce confusion and streamline filings.⁵ In Case No. 2023 00076,⁶ Delta filed an application to establish GCR residual surcharges effective May 1, 2023. The Delta GCR residual surcharges were approved to recover gas procurement costs that were not recovered at the time the consolidated rate became effective and to account for the residual gas cost attributed to each of the legacy gas systems before they were consolidated. Delta reported an under-recovery of \$8,160,521 for the legacy Delta gas system and \$320,990 for the legacy Peoples' gas system. Monthly GCR residual surcharges of \$0.87 per Mcf for legacy Delta and \$0.74 per Mcf for legacy Peoples were established for the recovery of these residual

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

⁴ 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).

⁵ Case No. 2021-00185, *Electronic Application of Delta Natural Gas Company, Inc. for an Adjustment of its Rates and Certificate of Public Convenience and Necessity* (Ky. PSC Jan. 3, 2022), Order at 27.

⁶ Case No. 2023-00076, April 28, 2023 final Order.

gas costs. Delta estimated, based on historical sales data, that the surcharges would be in effect for a three-year period for legacy Delta system and a two-year period for the legacy Peoples' system.⁷ Delta has been filing quarterly updates of the total amounts collected for each legacy gas system in the cover letter that it files with its consolidated GCR rate report filings. In Case No. 2025-00409, the Commission approved Delta's proposed tariff changes that removed the \$0.74 per Mcf residual surcharge that was charged to legacy Peoples' customers.⁸

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 a proposed Expected Gas Cost (EGC) of \$5.0964 per Mcf, which is a decrease of \$0.0813 per Mcf from the previous EGC of \$5.1777 per Mcf. Delta's unified GCR rate report sets out a current quarter Actual Cost Adjustment (ACA) of (\$0.3797) per Mcf. Delta's total ACA is \$1.3775 per Mcf, which is a decrease of \$0.1954 per Mcf from the previous total ACA of \$1.5729 per Mcf. Delta's unified GCR rate report sets out a current quarter Balancing Adjustment (BA) of (\$0.1129) per Mcf. Delta's total BA is (\$0.1109) per Mcf, which is a decrease of \$0.0450 per Mcf from the previous total BA of (\$0.0659) 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 \$6.3630 per Mcf, which is a decrease

⁷ Case No. 2023-00076, April 28, 2023 final Order at 5.

⁸ Case No. 2025-00409, *Electronic Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc.* (Ky. PSC Jan. 23, 2026), final Order at ordering paragraph 2.

of \$0.3217 per Mcf from the previous GCR rate of \$6.6847 per Mcf. The Commission finds that the inputs, resulting components and calculation of Delta's proposed GCR rate of \$6.3630 per Mcf are reasonable. 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 29, 2026.

Delta's GCR rate report Cover Letter⁹ stated that in May 2026, Delta fully collected the under-recovered balance of \$8,160,521 from the legacy Delta customers through the \$0.87 per Mcf surcharge originally approved in Case No. 2023-00076.¹⁰ Pursuant to the Commission's findings in Case No. 2023-00076, and Delta's Tariff,¹¹ the \$0.87 per Mcf residual surcharge amount is no longer being charged to the legacy Delta customers. Following review of the record, the Commission finds Delta's proposed tariff changes to Sheet Nos. 2 through 5, and 6.2, to be reasonable and should be approved.

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.

⁹ Cover Letter(filed June 29, 2026).

¹⁰ Case No. 2023-00076, Apr. 28, 2026 Order at 6.

¹¹ Delta's Tariff, PSC No. 14 Sixth Sheet No. 2-5 and PSC No. 14. Fifth Sheet No. 6.2.

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 29, 2026.
2. Delta's proposed tariff changes to remove the \$0.87 per Mcf residual surcharge to legacy Delta customers are approved.
3. 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.
4. 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.
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.

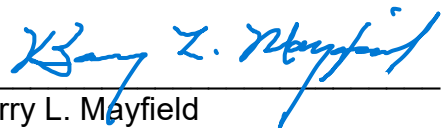
Entered on this 24th day of July, 2026.

PUBLIC SERVICE COMMISSION



Angie Hatton
Chair

Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
Commissioner

ATTEST:



Linda C. Bridwell, PE
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00174 DATED JUL 24 2026

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 \$6.3630 per Mcf for service rendered on and after July 29, 2026.

Service List for Case 2026-00174

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