

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE PIPE)
REPLACEMENT PROGRAM RIDER OF) CASE NO. 2018-00086
DELTA NATURAL GAS COMPANY, INC.)

DELTA NATURAL GAS COMPANY, INC.'S MOTION FOR LEAVE TO FILE
RESPONSE TO COMMENTS

Delta Natural Gas Company, Inc. (“Delta”), by counsel, pursuant to 807 KAR 5:001, Section 5, moves for leave to file a response to comments filed by the Attorney General of the Commonwealth of Kentucky (“AG”). Delta’s proposed response is enclosed.

On July 9, 2018, pursuant to the Commission’s May 10, 2018 and June 5, 2018 Orders establishing a procedural schedule in this case, Delta submitted a request to submit this case for decision on the record. The AG also recommended that the case be submitted on the record, but also included four pages of comments in its filing. The Commission’s procedural schedule does not provide for the filing of comments or briefs in this case. Because the AG’s comments have now been filed into the public record in this case, Delta requests the Commission allow it to respond to the AG’s comments.

WHEREFORE, Delta Natural Gas Company, Inc. respectfully moves for leave to file its enclosed response to the comments filed by the Attorney General of the Commonwealth of Kentucky.

Dated July 10, 2018

Respectfully submitted,

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s/Monica H. Braun
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Inc.

CERTIFICATE OF COMPLIANCE

In accordance with 807 KAR 5:001, Section 8(7), this is to certify that Delta's July 10, 2018 electronic filing is a true and accurate copy of the documents being filed in paper medium; that the electronic filing has been transmitted to the Commission on July 10, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; that an original copy in paper medium of the filing are being hand delivered to the Commission within two (2) business days.

s/Monica H. Braun
Counsel for Delta Natural Gas Company,
Inc.

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DELTA NATURAL GAS COMPANY, INC.’S RESPONSE TO ATTORNEY GENERAL
FINAL COMMENTS

Delta Natural Gas Company, Inc. (“Delta”), by counsel, responds to the comments filed by the Attorney General of the Commonwealth of Kentucky (“AG”) on July 9, 2018 and states as follows:

The overriding purpose of pipe replacement programs, like Delta’s, is to promote safety while providing gas companies timely cost recoveries. The Attorney General seems to require that a gas company demonstrates that its system is unsafe before it should be permitted to implement a pipe replacement program. Now that Delta is in the final years of replacing bare steel and other unprotected pipe, Delta is turning its attention to PHMSA bulletins regarding the susceptibility of older plastic pipe to premature cracking. Similar to bare and unprotected steel pipe, Aldyl-A is subject to premature deterioration and poses a risk to public safety. While Delta’s leak reports indicate it is currently managing the Aldyl-A pipe issue, Delta does experience issues with Aldyl-A pipe in the field and these problems cannot be ignored for the Company to maintain its excellent safety record and leak statistics. Delta is not suggesting that all 168 miles of Aldyl-A needs replacing today, but the Company has identified a significant problematic segment of Aldyl-A that does need to be replaced in the near future and believes such instances will become more prevalent. The Company believes the prudent course of action is thus to begin planning today for the replacement of this pipe over the next 15-19 years, as

requested. Such replacement would be managed similarly to the replacement of bare and unprotected steel placing emphasis on leak history to determine the pipe requiring replacement.

The Company also believes the PRP is the best mechanism by which to recover the costs of replacing Aldyl-A and provide oversight and review by the Commission, particularly since Delta's filings are based on historical cost rather than projections. Recovery of these costs through the PRP also provides for gradualism of rate impacts for customers. Given the suggestions by PHMSA and Delta's own experience with Aldyl-A, this is an excellent time to include such pipe in the PRP, rather than put the investments off to the next generation, or even worse, until an Aldyl-A pipeline fails.

WHEREFORE, Delta Natural Gas Company, Inc. respectfully requests the Commission approve its Pipe Replacement Program Rider as proposed.

Dated July 10, 2018

Respectfully submitted,

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s/Monica H. Braun
Counsel for Delta Natural Gas Company,
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s/Monica H. Braun
Counsel for Delta Natural Gas Company,
Inc.