

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter of:

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

ATTORNEY GENERAL’S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Data Requests to Delta Natural Gas Company, Inc. [hereinafter “Delta”] to be answered by the date specified in the Commission’s Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Delta with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person’s knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words “document” or “documents” are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial

statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and

method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

ANDY BESHEAR
ATTORNEY GENERAL



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Certificate of Service and Filing

Counsel certifies that the foregoing is a true and accurate copy of the same document being filed in paper medium with the Commission within two business days; that the electronic filing has been transmitted to the Commission on May 21, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 21st day of May, 2018.



Assistant Attorney General

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An Adjustment of the Pipe Replacement Program Rider
of Delta Natural Gas Co., Inc.
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Attorney General's Initial Data Requests

1. When does Delta expect to complete its Pipe Replacement Program (“PRP,” or “program”)?
2. State the number of miles of pipe to be replaced that Delta provided in its original application.
 - a. How many miles has Delta actually replaced for each year since the PRP's inception?
 - b. How does the current replacement rate compare to the 11-14 mile per year projected rate in the application in the instant case?
3. Provide the cost per mile of replacing pipes: (i) that Delta provided in its original application; (ii) its most recent experience-based figures; and (iii) its most recent projected estimate.
4. Provide the total spending under the PRP for each year since Delta's PRP was established.
5. Provide the type(s) of pipes that Delta's original PRP had identified to be replaced (for example, bare steel, cathodically protected, etc.).
6. Provide the annual cost escalation rate under the PRP for each year since the program's inception.
7. Is Delta's PRP based in whole or in part upon budget estimates, or upon actual costs incurred?
8. Refer to Schedule VII. The cost per foot estimates for pipe replacement ranges from \$36.87 to \$71.57. Is Delta able to estimate how much of the remaining pipe due to be replaced will fall within the higher range of this cost versus how much pipe will be lower cost?
9. Is Delta proposing to replace any post-1983 plastic pipe? If so, how much, and why?
 - a. If the response to this question is “yes,” provide the leak rates for all such pipe.
10. Provide the total number of Delta's customers for each of the past ten years.

An Adjustment of the Pipe Replacement Program Rider
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11. Provide the most recent estimate of Delta's projected customer growth for the next five years.
12. Provide a discussion regarding how Delta rank-orders the pipes to be replaced.
13. Reference the response to PSC 1-5. Given the rate of decline in Delta's lost and unaccounted-for gas, does the company believe that its rate for 2018 will be zero?
 - a. Explain whether the PRP is the main driver of this decrease, and whether any other factor may have contributed.
14. Refer to Delta's Responses to PSC 1-2(c), 3, and 4. In light of Delta's use of its leak history to prioritize the replacement of bare steel pipe and its targeting of high-risk pipe first, explain Delta's conception of how much at-risk pipe remains in its system considering that reported leaks have decreased by approximately 33% from 2009 to 2017.
15. Refer to Delta's Response to PSC 1-6. Is Delta able to quantify or explain the magnitude of the "efficiencies for construction crews" to be able to replace both bare steel and vintage plastic pipe in the same project?
 - a. How often does Delta's system have plastic and bare steel pipe close enough to be able to replace both in the same project?
 - b. How does Delta determine whether these different pipes are close enough to make the project cost-efficient?
16. Has Delta previously proposed to include Aldyl-A plastic pipes in its PRP? If so, state when and provide the case number.
17. Refer to Delta's Response to Staff's First Data Request, Item 2e. Delta's response stated that during service line removals, that "[m]ost often, the service line is purged, capped and left in place for potential future use."
 - a. Explain Delta's process of determining when to not abandon a service line in place, but to actually remove the service line completely, and the reasons why it would do so.
 - b. Explain how often the complete removal of a service line occurs.

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18. Confirm that based on Delta's response to PSC 1-2(d), annual surcharge estimates for each customer class through 2033, residential customers are projected to pay a total of approximately \$44.65 million under the low estimate range, and \$78.63 million under the high estimate range.
19. Provide Delta's rate base for each year since the PRP's inception date.
20. Confirm that to date, based upon the spreadsheet titled "Cost of Service Impact from PRP" included in the application, the PRP has yielded O&M reductions of approximately \$75,300.
21. Provide the percentage of Delta's total costs that are collected through the PRP.
22. Does Delta agree that any savings achieved through the build-up of accumulated depreciation and accumulated deferred income taxes associated with investment in existing plant should be used to offset the PRP revenue requirement? If not, why not?