# DELTA NATURAL GAS COMPANY, INC. CASE NO. 2020-00059

# RESPONSES TO DATA REQUEST ORDER DATED APRIL 7, 2020

1. Refer to the application, Schedule IV. Explain why installed footage is not provided for pipe described as "Additional Cost."

#### Response:

Installed footage is calculated once a project is marked as being completed in our fixed asset system and is reported in that year. The amounts listed as "Additional Costs" are either trailing expenses that have been incurred after a project has been marked as complete, or costs incurred on a project that was open and not yet completed in the current year. Since the installed footages had either been included in the prior year, or not calculated as of the end of 2019, they were omitted in the current year's schedule.

The largest such addition for \$23,671 related to 4" plastic in Williamsburg is for a project that was opened in 2019, but not yet completed. A (\$10,325) credit attributed to 4" plastic in Williamsburg related to reimbursement received in 2019 for a projected completed in the prior year.

Sponsoring Witness:

Casey Mudd

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2. Refer to the application, Schedule VII. Explain in detail why Delta believes that the Pipeline Replacement Program (PRP) will average 710 service line replacements per year while it has averaged 250 service line replacements per year since its inception.

### Response:

To date, Delta's PRP has focused on replacing the bare/unprotected steel service lines in Delta's system at the rate of an average of 250 service line replacements per year since inception of the program. Delta has approximately 600 of these service lines to replace.

Now that Delta is transitioning the program to also replace vintage plastic pipe (mostly Aldyl-A), Delta has estimated having 9,300 vintage plastic service lines.

Delta estimated 710 service line replacements per year based on the total of 9,900 service line replacements in total divided by 14 years.

**Sponsoring Witness:** 

John B. Brown

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3. Refer to the application, Schedules 1 and VIII. Explain in detail why Delta is increasing the PRP rider by more than 10 percent for all customer classes.

#### Response:

The current year's calculated PRP Adjustment of \$3,370,447, per Schedule I, increased by \$631,915, or 23%, over the prior year's PRP Adjustment of \$2,738,532. The \$631,915 increase is comprised of an additional \$446,875 for the allowed return grossed up for income taxes, a \$274,516 increase in cost of service items, and an \$89,476 decrease due to projected over collection of the prior year's PRP Adjustment.

The additional allowed return includes \$496,159 for the 2019 PRP expenditures. There are many factors which can cause the annual PRP expenditures to fluctuate, including the circumstances of the pipe being replaced, materials, and contractor expenses. Increases to cost of service items include depreciation expense and property tax.

The 23% increase to the PRP Adjustment is consistent with the prior 3 filings which included increases of 22%, 24%, and 26%, respectively.

Sponsoring Witness:

Casey Mudd

COMMONWEALTH OF KENTUCK	(Y)	SS:	
COUNTY OF CLARK	)	55:	
The undersigned, Casey Mudd, b	eing du	ly sworn, deposes and says that h	e is Controlle
of Delta Natural Gas Company, Inc. and	that he	has personal knowledge of the m	atters set fortl
in the responses for which he is identified	ed as th	e witness and the answers contain	ned therein are
true and correct to the best of his information	ation, kn	nowledge and belief.	
		Casey Mudd	
Subscribed and sworn to before	me, a N	lotary Public, in said County and	State this
day of April 2020.			
		Notary Public	(SEAL)
My Commission Expires:			

COMMONWEALTH OF KENTUCKY )
SS:
COUNTY OF CLARK

The undersigned, Casey Mudd, being duly sworn, deposes and says that he is Controller of Delta Natural Gas Company, Inc. and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Casey Mudd

Subscribed and sworn to before me, a Notary Public, in said County and State this day of April 2020.

Omely P. Bernett (SEAL)
Notary Public

My Commission Expires:

Emily P. Bennett
Notary Public, ID No. 558362
State at Large, Kentucky
My Commission Expires on June 20, 2020

The signature of Casey Midde was witnessed via video.

COMMONWEALTH OF KENTUCKY	)	SS:
COUNTY OF CLARK	)	55.
The undersigned, John B. Brown, be	eing dul	y sworn, deposes and says that he is President
of Delta Natural Gas Company, Inc. and that	t he has	personal knowledge of the matters set forth in
the responses for which he is identified as t	he witn	ess and the answers contained therein are true
and correct to the best of his information, kr	nowledg	ge and belief.
Subscribed and sworn to before me.	a Notar	John B. Brown  y Public, in said County and State this day
of April 2020.		,
·		Notary Public (SEAL)
My Commission Expires:		

COMMONWEALTH OF KENTUCKY	)	
	)	SS
COUNTY OF CLARK	)	

The undersigned, John B. Brown, being duly sworn, deposes and says that he is President of Delta Natural Gas Company, Inc. and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness and the answers contained therein are true and correct to the best of his information, knowledge and belief.

John B. Brown

Subscribed and sworn to before me, a Notary Public, in said County and State this /// day of April 2020.

Emily P. Benett (SEAL) Notary Public

My Commission Expires:

Emily P. Bennett
Notary Public, ID No. 558362
State at Large, Kentucky
My Commission Expires on June 20, 2020