

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

