

**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO. 2020-00085**

**RESPONSES TO DATA REQUEST**  
**ORDER DATED JUNE 23, 2020**

1. Provide the utility's current number of customers and the date used for that determination.

Response:

As of June 2020, Delta serves 35,626 customers.

Sponsoring Witness:

Casey Mudd

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2. If applicable, provide the utility's current number of customers per class.

Response:

As of June 2020, Delta's current number of customers by class are:

Residential	30,409
Small Commercial	4,242
Large Commercial	959
Interruptible	16

Sponsoring Witness:

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3. If a utility provides multiple services, such as both electric and gas residential service, provide the information requested for each service separately. For those customers that receive combined service, provide each service separately if separately served or combined if billed on a combined basis. Provide the average total bill for all customers for:
- a. 2017 as a year, not each month;
  - b. 2018 as a year, not each month;
  - c. 2019 as a year, not each month; and
  - d. Each month in 2020.

Total bill is defined as including charges for current service and past service that is unpaid, including the accumulation of fees.

Response:

Please see attached Exhibit 3.

Sponsoring Witness:

John B. Brown

**DELTA NATURAL GAS COMPANY, INC.**  
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4. If a utility provides multiple services, such as both electric and gas residential service, provide the information requested for each service separately. For those customers that receive combined service, provide each service separately if separately served or combined if billed on a combined basis. Provide the average total bill for all customers in each class for:
- a. 2017 as a year, not each month;
  - b. 2018 as a year, not each month;
  - c. 2019 as a year, not each month; and
  - d. Each month in 2020.

Total bill is defined as including charges for current service and past service that is unpaid, including the accumulation of fees.

Response:

Please see attached Exhibit 3.

Sponsoring Witness:

John B. Brown

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5. If a utility provides multiple services, such as both electric and gas residential service, provide the information requested for each service separately. For those customers that receive combined service, provide each service separately if separately served or combined if billed on a combined basis. Provide the average bill for current service for all customers for:
- a. 2017 as a year, not each month;
  - b. 2018 as a year, not each month;
  - c. 2019 as a year, not each month; and
  - d. Each month in 2020.

Response:

Please see attached Exhibit 5.

Sponsoring Witness:

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6. If a utility provides multiple services, such as both electric and gas residential service, provide the information requested for each service separately. For those customers that receive combined service, provide each service separately if separately served or combined if billed on a combined basis. Provide the average bill for current service for all customers in each class for:
- a. 2017 as a year, not each month;
  - b. 2018 as a year, not each month;
  - c. 2019 as a year, not each month; and
  - d. Each month in 2020.

The differences between request 3 and request 5, and request 4 and request 6 should provide the average arrearage for all customers and for each class, respectively.

Response:

Please see attached Exhibit 5.

Sponsoring Witness:

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7. Explain how the utility calculates bad debt.
- a. Explain the decision criteria governing when the utility writes off bad debt.
  - b. Provide the monthly bad debt write-offs for each month in 2018, 2019 and 2020.
  - c. If the utility has changed its calculation or determination of bad debt in the past two years, explain its previous calculation or determination of bad debt and the reason for the change.

Response:

- a. Monthly, we produce a list of outstanding, closed accounts that are 60 days or greater from the account discontinued date. These lists are reviewed at the individual branch locations to determine which accounts need to be written off as bad debt based on previous history with the accounts and any recent contact with the customer.
- b. The monthly bad debt write offs for 2018, 2019, and 2020 are:

	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	\$ 36,011	\$ 24,802	\$ 58,918
February	56,986	36,394	50,566
March	18,585	40,587	0
April	4,506	5,142	18,248
May	7,751	6,547	17,590
June	8,632	9,019	12,117
July	8,879	3,220	
August	3,440	4,972	
September	21,482	12,055	
October	3,641	3,085	
November	70,352	18,267	
December	<u>133,192</u>	<u>12,085</u>	<u>          </u>
	<b>\$373,456</b>	<b>\$176,173</b>	<b>\$157,539</b>

Note that as a result of the process described in 7a. above, the month that the write off is booked is generally over 3 months after the charge was originally incurred. Therefore, this write off history does not yet reflect any COVID-19 write-offs.

- c. We have not changed our process for bad debt in the past two years.

Sponsoring Witness:

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8. Assuming the Commission's moratorium on disconnections was not in effect, provide the number of customers in each class that would be subject to disconnection and the date used for this determination.

Response:

Residential	1,037
Small Non-Residential	91
Large Non-Residential	18
Industrial	<u>2</u>
	1,148

As of July 17, 2020

Sponsoring Witness:

John B. Brown



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9. Provide the percent of customers, by class, that pay on time for:
- a. 2017 as a year, not each month;
  - b. 2018 as a year, not each month;
  - c. 2019 as a year, not each month; and
  - d. Each month in 2020.

Response:

Please see attached Exhibit 9.

Sponsoring Witness:

John B. Brown

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10. Provide the following information for January 1, 2015, until December 31, 2019. If a utility provides multiple services, such as both electric and gas residential service, provide the information requested for each service separately. For those customers that receive combined service, provide each service separately if separately served or combined if billed on a combined basis. Further, provide the following information by class:
- a. Provide monthly totals of service termination notices issued to customers only for nonpayment of bills.
  - b. Provide monthly totals of service terminations for customers only for nonpayment of bills.
  - c. Provide the total number of customers for each month.

This information should be provided so as not to duplicate customer counts. The information requested in this request should be presented similarly to the residential-only information provided in Case No. 2019-00366. For reference, refer to Louisville Gas and Electric Company and Kentucky Utilities Company's response to Post-Formal Conference Request for Information filed with the Commission on March 6, 2020.

Response:

Please see attached Exhibits 10a, 10b, and 10c.

Sponsoring Witness:

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11. Provide the total income received from late payment fees for:
- a. Each month in 2017;
  - b. Each month in 2018;
  - c. Each month in 2019; and
  - d. Each month in 2020.

Response:

- a-d. Delta does not assess late payment fees. However, we do charge a collection fee when an attempt is made to collect a late balance in person, at the customer's service location. Those fees for each month in 2017, 2018, 2019 and 2020 are:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	\$ 3,980	\$ 6,220	\$ 4,000	\$ 4,980
February	12,660	15,160	12,100	15,660
March	19,480	23,680	19,860	25,640
April	28,720	29,540	21,440	0
May	24,800	22,120	23,160	0
June	26,000	29,500	23,900	0
July	9,820	20,840	9,900	
August	6,940	6,900	7,340	
September	6,840	7,300	4,740	
October	5,880	3,440	4,060	
November	4,240	3,620	4,200	
December	4,700	3,560	3,240	
	<b>\$154,060</b>	<b>\$171,880</b>	<b>\$137,940</b>	<b>\$ 46,280</b>

Sponsoring Witness:

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12. Quantify the amount of late payment fees the utility would have assessed since March 16, 2020, absent the Commission's directive.

Response:

We do not assess late payment fees. However, we estimate that we would have collected an additional \$72,000 in collection fees if not for the Commission's directive.

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13. Provide copies of all general communication provided to customers regarding arrearages, late payments, payment plans, etc. since March 16, 2020. Customer-specific communication is excluded from this request.

Response:

Please see attached Exhibits 13a and 13b.

Sponsoring Witness:

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14. Provide a detailed explanation and breakout of any cost increases and decreased income (by customer class if applicable) the utility has experienced as a result of the COVID-19 State of Emergency.

Response:

We incurred additional costs totaling \$48,868 through June 30, 2020 as a result of the COVID-19 State of Emergency. This total includes \$33,291 for PPE, cleaning supplies, and office supplies; \$4,150 for additional daily cleanings of offices; \$160 for press releases; and \$11,267 for payroll expenses for time employees spent cleaning their areas that would have been capitalized if not for the pandemic.

While many factors impact changes in usage between periods, we have compared usage during the months of March-June of 2020 with a three year average in those months from 2017-2019 as an estimate of decreased sales due to COVID-19. Utilizing this method, we estimate revenues have decreased by \$465,000 for the rate classes and other revenue sources listed below, as a result of the State of Emergency. This amount is detailed below:

Small Non-Residential	\$ 18,000
Large Non-Residential	\$ 49,000
Interruptible	\$ 1,000
Transportation	\$ 310,000
Collection fees	\$ 72,000
Reconnect fees	\$ 15,000

While the Residential class had lower consumption in March and April compared to the same months over the previous three years, it increased consumption in May and June. This trend could have been caused by the usage by customers typically disconnected for non-pay. Future write-off experience is necessary in order to determine the impact of the COVID-19 State of Emergency on net revenues of the Residential class.

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15. Provide a detailed explanation and breakout of any cost decreases and increased income the utility has experienced as a result of the COVID-19 State of Emergency.

Response:

We have experienced cost decreases of \$67,097 as a result of the COVID-19 State of Emergency through June 30, 2020. Our travel, meals, and entertainment expenses have decreased by \$14,761. Gasoline expenses have decreased \$52,336 even while we are having to utilize more vehicles to ensure employees are following proper social distancing guidelines while traveling.

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16. Provide any additional information or data the utility believes the Commission should consider in amending or vacating its previous Orders in this matter.

Response:

Delta has a strong record of assisting customers with financial challenges. For example, unlike other utilities in Kentucky, Delta does not charge late payment fees. As such, the only mechanism Delta has available to incent timely payment is disconnecting service. Delta recognizes the critical circumstances that resulted in the Commission issuing its moratorium during the early months of the COVID-19 crisis. Given that all industries in Delta's service territory have resumed operations in full or in part, Delta respectfully requests that the Commission consider either establishing a specific date when disconnections can resume or allowing utilities the flexibility to restart disconnections on their own schedule, which would provide utilities the opportunity to develop customer communications regarding resuming disconnections. After the moratorium is lifted, Delta will continue working to develop payment plans with impacted customers to help ensure that disconnection is a last resort.

Delta also respectfully requests that the Commission consider allowing utilities to establish a regulatory asset for accounting purposes to record the incremental expenses associated with complying with and related to the COVID-19 State of Emergency and to assist with cost recovery in light of the resulting significant reduction in revenue across many customer classes.

Sponsoring Witness:

John B. Brown



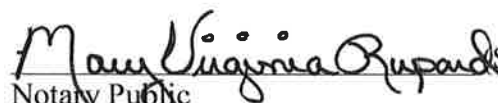
VERIFICATION

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 20<sup>th</sup> day of July 2020.

  
Notary Public (SEAL)  
Notary ID 607370

My Commission Expires:  
August 23, 2022

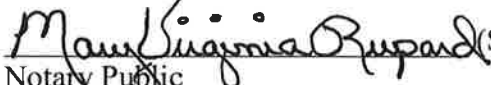
VERIFICATION

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 20<sup>th</sup> day of July 2020.

 (SEAL)  
Notary Public  
Notary ID 607370

My Commission Expires:

August 23, 2022