

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2021-00185

FIFTH PSC DATA REQUEST
DATED OCTOBER 21, 2021

1. Provide the history of Delta's provision of farm tap service before the acquisition of People's Gas farm customers, beginning with its earliest provision of gas to customers served pursuant to KRS 278.485.

Response:

Delta has provided service to farm tap customers since 1981. In January 1981, Delta acquired the assets of Peoples Gas Company of Kentucky, a subsidiary of The Wiser Oil Company. The Wiser subsidiary was a natural gas distribution company with operations in Corbin, Barbourville, Manchester, Burning Springs and Oneida, together with farm tap customers along Wiser's natural gas transmission pipelines in southeastern Kentucky. The Commission issued an order approving the transaction on December 19, 1980 in Case No. 8025.

Delta later entered into a contract to provide gas service to a number of Wiser's farm tap customers on a gathering line that Wiser still retained. In 1999, Columbia Natural Resources ("CNR") purchased Wiser. At the time of purchase, Delta served 966 customers on the gathering line. In October 1999, Delta, wishing not to abandon the customers on Wiser's former gathering line, entered into a Contract for Gas Sales and Delivery Service with CNR, providing for the transport of gas along CNR's gathering line. The contract contains a mechanism by which Delta may, but is not obligated to, connect new customers to CNR's gathering line. CNR, however, has the right to refuse any new customer connections on its gathering line. This arrangement is discussed in the Commission's November 28, 2001 Order in Case No. 2000-468.

In that Order, the Commission stated, with respect to the customers served off CNR's gathering line, "These customers apparently are neither 'farm tap' customers, since Delta does not own the gathering line and has no 'farm tap' tariff, nor retail customers as contemplated by Delta's tariff on file with the Commission. Additionally, the classification and rights of these customers are not clearly addressed or defined in Delta's tariff. The Commission is concerned that absent changes to Delta's tariff to address these issues, similar complaints may arise."

Delta subsequently had two informal conferences with Commission Staff regarding the farm tap customers. As noted in the Commission's February 25, 2002 Order in Case No. 2000-468, Delta filed tariff revisions that set forth the rights and service expectations of its customers located on CNR's gathering lines and revised its service application for those customers to ensure they are aware of the conditions under which they receive service. Delta explained that establishing a separate rate for tap customers presents complications that outweigh any benefit that accrues from such requirement. After considering the arguments, the Commission held that "Delta need not create a separate rate for these customers," and that "Delta's tariff filings received by the

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Commission addressing the rights of Delta’s farm tap customers fully satisfy the requirements of the November 28, 2001 Order.”

The former Wisser assets that were acquired by CNR have changed ownership several times since 2000 and are currently owned by Vinland Energy. Delta has maintained the same relationship with each successor to the Wisser assets and continues to serve customers in accordance with the contractual relationship described in Case No. 2000-468.

Given the Commission’s finding that no separate farm tap rate was required, Delta did not propose a farm tap rate until this proceeding. The impetus for proposing a separate farm tap rate was the Commission’s Order in Case No. 2020-00346 approving the transfer of control of PKY, in which the Commission approved the increase of rates of the former PKY customers to the rates that Delta is presently charging its residential customers but noted that the merger more than tripled the number of farm tap customers on Delta’s system and that the Commission would investigate the reasonableness of Delta’s farm tap rates.

Sponsoring Witness: John B. Brown / Jonathan Morpew / Counsel

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2. Provide either a listing of locations or a map showing where farm tap services are being provided by Delta, and the associated source and ownership of gas supply and transmission for each. The information provided should indicate the proximity to Delta's regulated utility system.

Response:

See attached. The attachment is provided pursuant to a Petition for Confidential Protection.

Sponsoring Witness: Jonathan W. Morphew

| Contract Account | Service Address | City | State | Gas Supplier / Transmission Line Owner | Distance to Delta Natural system (air miles) |
|------------------|-----------------|----------------|-------|--|--|
| | | Barbourville | KY | Vinland | 1.0 Mile |
| | | Artmeus | KY | Vinland | 1.0 Mile |
| | | Barbourville | KY | Vinland | 0.7 Mile |
| | | Barbourville | KY | Vinland | 0.7 Mile |
| | | Himyar | KY | Vinland | 0.1 Mile |
| | | Flat Lick | KY | Vinland | 0.3 Mile |
| | | Flat Lick | KY | Vinland | 0.2 Mile |
| | | Stinking Creek | KY | Vinland | 0.1 Mile |
| | | Dewitt | KY | Vinland | 0.1 Mile |
| | | Dewitt | KY | Vinland | 0.1 Mile |
| | | Gray | KY | Vinland | 0.2 Mile |
| | | Gray | KY | Vinland | 0.2 Mile |
| | | Gray | KY | Vinland | 0.2 Mile |
| | | Gray | KY | Vinland | 0.1 Mile |
| | | Gray | KY | Vinland | 0.2 Mile |
| | | Gray | KY | Vinland | 0.8 Mile |
| | | Gray | KY | Vinland | 1.0 Mile |
| | | Gray | KY | Vinland | 1.0 Mile |
| | | Gray | KY | Vinland | 1.1 Miles |
| | | Gray | KY | Vinland | 1.1 Miles |
| | | Bailey Switch | KY | Vinland | 1.5 Miles |
| | | Bimble | KY | Vinland | 0.3 Mile |
| | | Bimble | KY | Vinland | 0.5 Mile |
| | | Hinkle | KY | Vinland | 0.5 Mile |
| | | Hinkle | KY | Vinland | 0.5 Mile |
| | | Hinkle | KY | Vinland | 0.5 Mile |
| | | Hinkle | KY | Vinland | 0.3 Mile |
| | | Hinkle | KY | Vinland | 0.5 Mile |
| | | Hinkle | KY | Vinland | 0.4 Mile |
| | | Hinkle | KY | Vinland | 0.8 Mile |
| | | Hinkle | KY | Vinland | 0.8 Mile |
| | | Hinkle | KY | Vinland | 0.9 Mile |
| | | Hinkle | KY | Vinland | 0.9 Mile |
| | | Hinkle | KY | Vinland | 1.2 Miles |
| | | Hinkle | KY | Vinland | 1.2 Miles |
| | | Hinkle | KY | Vinland | 1.3 Miles |
| | | Hinkle | KY | Vinland | 1.3 Miles |
| | | Hinkle | KY | Vinland | 1.3 Miles |
| | | Hinkle | KY | Vinland | 1.2 Miles |
| | | Fount | KY | Vinland | 3.5 Miles |
| | | Woolum | KY | Vinland | 4.2 Miles |
| | | Barbourville | KY | Vinland | 4.2 Miles |
| | | Barbourville | KY | Vinland | 3.1 Miles |
| | | Barbourville | KY | Vinland | 3.1 Miles |
| | | Woolum | KY | Vinland | 3.1 Miles |
| | | Woolum | KY | Vinland | 2.8 Miles |
| | | Woolum | KY | Vinland | 3.1 Miles |
| | | Woolum | KY | Vinland | 3.1 Miles |
| | | Barbourville | KY | Vinland | 0.1 Mile |
| | | Barbourville | KY | Vinland | 0.5 Mile |
| | | Barbourville | KY | Vinland | 0.5 Mile |
| | | Barbourville | KY | Vinland | 0.5 Mile |
| | | Barbourville | KY | Vinland | 0.7 Mile |
| | | Barbourville | KY | Vinland | 0.3 Mile |
| | | Barbourville | KY | Vinland | 0.1 Mile |
| | | Bryant Store | KY | Vinland | 0.5 Mile |
| | | Bryant Store | KY | Vinland | 0.8 Mile |

| Contract Account | Service Address | City | State | Gas Supplier / Transmission Line Owner | Distance to Delta Natural system (air miles) |
|------------------|-----------------|---------------|-------|--|--|
| | | Bryant Store | KY | Vinland | 0.7 Mile |
| | | Bryant Store | KY | Vinland | 1.1 Miles |
| | | Barbourville | KY | Vinland | 1.1 Miles |
| | | Bryant Store | KY | Vinland | 1.3 Miles |
| | | Bryant Store | KY | Vinland | 1.1 Miles |
| | | Bryant Store | KY | Vinland | 1.2 Miles |
| | | Bryant Store | KY | Vinland | 1.2 Miles |
| | | Bryant Store | KY | Vinland | 1.2 Miles |
| | | Bryant Store | KY | Vinland | 1.2 Miles |
| | | Barbourville | KY | Vinland | 2.2 Miles |
| | | Barbourville | KY | Vinland | 2.4 Miles |
| | | Barbourville | KY | Vinland | 2.6 Miles |
| | | Barbourville | KY | Vinland | 3.6 Miles |
| | | Barbourville | KY | Vinland | 3.6 Miles |
| | | Barbourville | KY | Vinland | 3.6 Miles |
| | | Barbourville | KY | Vinland | 3.5 Miles |
| | | Barbourville | KY | Vinland | 4.7 Miles |
| | | Barbourville | KY | Vinland | 4.5 Miles |
| | | Barbourville | KY | Vinland | 4.5 Miles |
| | | Barbourville | KY | Vinland | 4.8 Miles |
| | | Barbourville | KY | Vinland | 5.1 Miles |
| | | Barbourville | KY | Vinland | 1.7 Miles |
| | | Barbourville | KY | Vinland | 1.7 Miles |
| | | Barbourville | KY | Vinland | 1.7 Miles |
| | | Barbourville | KY | Vinland | 1.7 Miles |
| | | Barbourville | KY | Vinland | 1.7 Miles |
| | | Barbourville | KY | Vinland | 0.6 Mile |
| | | Barbourville | KY | Vinland | 1.6 Miles |
| | | Barbourville | KY | Vinland | 1.6 Miles |
| | | Bryants Store | KY | Vinland | 1.6 Miles |
| | | Barbourville | KY | Vinland | 1.6 Miles |
| | | Siler | KY | Vinland | 5.8 Miles |
| | | Siler | KY | Vinland | 6.7 Miles |
| | | Siler | KY | Vinland | 6.8 Miles |
| | | Siler | KY | Vinland | 8.0 Miles |
| | | Siler | KY | Vinland | 7.7 Miles |
| | | Gray | KY | Vinland | 0.7 Mile |
| | | Gray | KY | Vinland | 0.7 Mile |
| | | Gray | KY | Vinland | 0.5 Mile |
| | | Gray | KY | Vinland | 1.0 Mile |
| | | Gray | KY | Vinland | 0.5 Mile |
| | | Gray | KY | Vinland | 0.6 Mile |
| | | Gray | KY | Vinland | 0.6 Mile |
| | | Gray | KY | Vinland | 0.7 Mile |
| | | Gray | KY | Vinland | 0.7 Mile |
| | | Gray | KY | Vinland | 0.7 Mile |
| | | Gray | KY | Vinland | 0.8 Mile |
| | | Gray | KY | Vinland | 0.8 Mile |
| | | Gray | KY | Vinland | 1.0 Mile |
| | | Gray | KY | Vinland | 1.1 Miles |
| | | Gray | KY | Vinland | 1.0 Mile |
| | | Gray | KY | Vinland | 1.2 Miles |
| | | Gray | KY | Vinland | 1.2 Miles |
| | | Gray | KY | Vinland | 1.4 Miles |
| | | Gray | KY | Vinland | 1.3 Miles |
| | | Gray | KY | Vinland | 1.0 Mile |
| | | Gray | KY | Vinland | 1.1 Miles |

| Contract Account | Service Address | City | State | Gas Supplier / Transmission Line Owner | Distance to Delta Natural system (air miles) |
|------------------|-----------------|------------|-------|--|--|
| | | Manchester | KY | Vinland | 0.2 Mile |
| | | Manchester | KY | Vinland | 0.1 Mile |
| | | Manchester | KY | Vinland | 227 Ft |
| | | Manchester | KY | Vinland | 0.1 Mile |
| | | Manchester | KY | Vinland | 0.1 Mile |
| | | Manchester | KY | Vinland | 0.1 Mile |
| | | Manchester | KY | Vinland | 0.1 Mile |
| | | Manchester | KY | Vinland | 0.1 Mile |
| | | Manchester | KY | Vinland | 0.1 Mile |
| | | Manchester | KY | Vinland | 107 Ft |
| | | Manchester | KY | Vinland | 177 Ft |
| | | Manchester | KY | Vinland | 0.5 Mile |
| | | Manchester | KY | Vinland | 0.5 Mile |
| | | Manchester | KY | Vinland | 0.6 Mile |
| | | Manchester | KY | Vinland | 0.7 Mile |
| | | Manchester | KY | Vinland | 0.8 Mile |
| | | Manchester | KY | Vinland | 1.1 Miles |
| | | Manchester | KY | Vinland | 1.0 Mile |
| | | Manchester | KY | Vinland | 1.8 Miles |
| | | Manchester | KY | Vinland | 1.9 Miles |
| | | Manchester | KY | Vinland | 2.2 Miles |
| | | Manchester | KY | Vinland | 2.6 Miles |
| | | Manchester | KY | Vinland | 2.6 Miles |
| | | Manchester | KY | Vinland | 2.6 Miles |
| | | Manchester | KY | Vinland | 2.6 Miles |
| | | Manchester | KY | Vinland | 2.6 Miles |
| | | Manchester | KY | Vinland | 2.7 Miles |
| | | Manchester | KY | Vinland | 2.8 Miles |
| | | Manchester | KY | Vinland | 2.8 Miles |
| | | Manchester | KY | Vinland | 2.8 Miles |
| | | Manchester | KY | Vinland | 2.9 Miles |
| | | Manchester | KY | Vinland | 2.9 Miles |
| | | Manchester | KY | Vinland | 4.3 Miles |
| | | Manchester | KY | Vinland | 4.6 Miles |
| | | Manchester | KY | Vinland | 6.2 Miles |
| | | Manchester | KY | Vinland | 7.1 Miles |
| | | Manchester | KY | Vinland | 6.5 Miles |
| | | Manchester | KY | Vinland | 6.5 Miles |
| | | Manchester | KY | Vinland | 6.2 Miles |
| | | Manchester | KY | Vinland | 6.2 Miles |
| | | Manchester | KY | Vinland | 6.2 Miles |
| | | Manchester | KY | Vinland | 6.2 Miles |
| | | Manchester | KY | Vinland | 6.1 Miles |
| | | Manchester | KY | Vinland | 6.1 Miles |
| | | Manchester | KY | Vinland | 7.0 Miles |
| | | Manchester | KY | Vinland | 6.9 Miles |
| | | Manchester | KY | Vinland | 6.6 Miles |
| | | Manchester | KY | Vinland | 8.3 Miles |
| | | Manchester | KY | Vinland | 8.3 Miles |
| | | Manchester | KY | Vinland | 8.3 Miles |
| | | Big Creek | KY | Vinland | 7.3 Miles |
| | | Manchester | KY | Vinland | 7.3 Miles |
| | | Manchester | KY | Vinland | 7.3 Miles |
| | | Manchester | KY | Vinland | 7.4 Miles |
| | | Big Creek | KY | Vinland | 7.4 Miles |
| | | Big Creek | KY | Vinland | 7.4 Miles |

| Contract Account | Service Address | City | State | Gas Supplier / Transmission Line Owner | Distance to Delta Natural system (air miles) |
|------------------|-----------------|----------------|-------|--|--|
| | | Hyden | KY | Vinland | 10.0 Miles |
| | | Hyden | KY | Vinland | 10.8 Miles |
| | | Hyden | KY | Vinland | 10.8 Miles |
| | | Thousandsticks | KY | Vinland | 11.6 Miles |
| | | Hyden | KY | Vinland | 14.0 Miles |
| | | Hyden | KY | Vinland | 14.0 Miles |
| | | Hyden | KY | Vinland | 13.9 Miles |
| | | Manchester | KY | Vinland | 1.2 Miles |
| | | Manchester | KY | Vinland | 1.0 Mile |
| | | Manchester | KY | Vinland | 0.9 Mile |
| | | Manchester | KY | Vinland | 0.9 Mile |
| | | Manchester | KY | Vinland | 0.3 Mile |
| | | Manchester | KY | Vinland | 0.1 Mile |
| | | Manchester | KY | Vinland | 3.9 Miles |
| | | Manchester | KY | Vinland | 3.9 Miles |
| | | Manchester | KY | Vinland | 4.4 Miles |
| | | Manchester | KY | Vinland | 4.4 Miles |
| | | Manchester | KY | Vinland | 4.4 Miles |
| | | Manchester | KY | Vinland | 4.3 Miles |
| | | Manchester | KY | Vinland | 3.8 Miles |
| | | Manchester | KY | Vinland | 3.8 Miles |
| | | Manchester | KY | Vinland | 4.9 Miles |
| | | Manchester | KY | Vinland | 4.9 Miles |
| | | Oneida | KY | Vinland | 4.9 Miles |
| | | Manchester | KY | Vinland | 0.3 Mile |
| | | Oneida | KY | Vinland | 2.2 Miles |
| | | Oneida | KY | Vinland | 2.5 Miles |
| | | Oneida | KY | Vinland | 1.9 Miles |
| | | Oneida | KY | Vinland | 1.9 Miles |
| | | Manchester | KY | Vinland | 1.9 Miles |
| | | Oneida | KY | Vinland | 2.1 Miles |
| | | Manchester | KY | Vinland | 2.5 Miles |
| | | Oneida | KY | Vinland | 3.0 Miles |
| | | Oneida | KY | Vinland | 3.1 Miles |
| | | Oneida | KY | Vinland | 3.2 Miles |
| | | Oneida | KY | Vinland | 3.1 Miles |
| | | Oneida | KY | Vinland | 3.1 Miles |
| | | Oneida | KY | Vinland | 3.2 Miles |
| | | Oneida | KY | Vinland | 3.4 Miles |
| | | Oneida | KY | Vinland | 3.7 Miles |
| | | Oneida | KY | Vinland | 3.8 Miles |
| | | Oneida | KY | Vinland | 3.8 Miles |
| | | Oneida | KY | Vinland | 3.8 Miles |
| | | Oneida | KY | Vinland | 3.9 Miles |
| | | Oneida | KY | Vinland | 3.5 Miles |
| | | Oneida | KY | Vinland | 3.6 Miles |
| | | Oneida | KY | Vinland | 3.6 Miles |
| | | Oneida | KY | Vinland | 3.9 Miles |
| | | Oneida | KY | Vinland | 0.2 Mile |
| | | Oneida | KY | Vinland | 0.7 Mile |
| | | Oneida | KY | Vinland | 0.9 Mile |
| | | Oneida | KY | Vinland | 0.9 Mile |
| | | Oneida | KY | Vinland | 0.9 Mile |
| | | Oneida | KY | Vinland | 0.9 Mile |
| | | Oneida | KY | Vinland | 0.9 Mile |
| | | Oneida | KY | Vinland | 1.0 Mile |
| | | Oneida | KY | Vinland | 1.0 Mile |

| Contract Account | Service Address | City | State | Gas Supplier / Transmission Line Owner | Distance to Delta Natural system (air miles) |
|------------------|-----------------|------------|-------|--|--|
| | | Oneida | KY | Vinland | 1.1 Miles |
| | | Oneida | KY | Vinland | 2.0 Miles |
| | | Oneida | KY | Vinland | 2.7 Miles |
| | | Manchester | KY | Vinland | 3.2 Miles |
| | | Oneida | KY | Vinland | 2.6 Miles |

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3. State whether any farm tap customers are supplied from wells in which Delta has ownership interest. If yes, provide details.

Response:

No. Delta has three groups of customers that are served from lines other than Delta's distribution lines that deliver gas to retail customers. The first group of customers are served from Delta's transmission lines, high-pressure distribution lines, or gathering lines. Some of these lines connect to Delta's subsidiary Enpro's wells. Delta does not propose to serve these customers under the farm tap tariff because the character of their service mirrors that of customers receiving service from Delta's distribution lines. Importantly, in the event an Enpro well runs dry, Delta is able to maintain service to these customers through its other sources of supply. Delta maintains its infrastructure used to serve these customers in the same manner as the rest of its retail customers.

The second group of customers are served from Vinland Energy's lines, as further described in the response to Item No. 1 of these Requests. Delta considers these customers farm tap customers for several reasons. First, Vinland owns the lines. Should Vinland no longer have supply, Delta may not be able to maintain service to these customers through its other sources of supply. Because Delta does not own the lines, it does not have the same level of operation and maintenance expense as with the lines it owns. Under Delta's proposed farm tap tariff, this group of customers will be migrated to the farm tap tariff.

The third group of customers are the former Peoples Gas of Kentucky customers, which are similar to the Vinland Energy arrangement, except that the gas supplier and owner of the lines is Diversified Southern Production. Under Delta's proposed farm tap tariff, this group of customers will be migrated to the farm tap tariff.

Sponsoring Witness: Jonathan Morphew / William Steven Seelye

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4. Describe the quality of gas supplied to farm tap customers. The response should include but not be limited to: whether any dehydration equipment is used, whether the gas is odorized, and whether compression equipment is used for the purpose of delivering gas to farm tap customers.

Response:

Natural gas supplied from Vinland Energy's wells on their gathering systems is in its natural state from the geological formations, water saturated without any refining procedures. Natural gas supplied from Diversified Southern Production is likewise in its natural state. At the pressures typically experienced in the gathering systems, the gas is naturally odorized.

Sponsoring Witness: Jonathan Morpew

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5. State whether the character of service to any farm tap customers has changed over time. The response should include but not be limited to: whether any previous farm tap customer lost service due to inadequate gas supply or for any other reason related to availability of gas or transmission service, whether Delta has contracted for gas to supply farm tap customers because of a loss of previous supply, and whether Delta has changed the designation of any customer from farm tap to regulated utility customer.

Response:

Delta is unaware of any changes in service to any of Delta's farm tap customers on the Vinland Energy system.

Delta is not aware of any changes in service to any of Delta's farm tap customers except to improve service and supply pressure. Over the years Delta has upgraded systems to improve supply and reliability through pipeline construction and secondary backup feeds. Delta has received calls from farm tap customers on third party pipeline systems during the most extreme cold weather conditions reporting loss of supply due to freeze offs (water saturated gas or wet gas). Delta's Gas Control personnel responds immediately, contacting third party suppliers of the issues to correct the problem and restore supply.

Sponsoring Witness: Jonathan Morpew

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6. Explain whether Delta believes its farm tap customers receive a relatively comparable level of gas supply and service as its regulated utility customers, and why.

Response:

No. As explained in Item 3 of these Requests, Delta has two groups of farm tap customers: those served from Vinland Energy's lines and those served from Diversified Southern Production's lines. Unlike Delta's retail utility customers, these two customer groups are subject to service discontinuance should the gas supplier lose its supply or otherwise terminate the arrangement with Delta. Delta is unable to guarantee that it could serve those customers should that occur. Several customers in the former Peoples Gas of Kentucky service territory have had service discontinued in recent years due to a lack of gas supply.

Sponsoring Witness: Jonathan Morpew

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7. Provide the number of farm tap customers Delta has served annually for the last ten years and the number it is currently serving. Customers added due to the acquisition of People's Gas should be shown separately.

Response:

Delta currently has 290 farm tap customers. Prior to the current case, Delta did not have a business reason to separately track the farm tap customers because farm tap customers were served under the same rate schedule as retail customers and, therefore, does not have the requested information.

The number of farm tap customers served on the Peoples-Kentucky system annually, as of December 31 are shown in the table below. Peoples-Kentucky converted its billing system to SAP in July 2015. Customer counts prior to the conversion are no longer available.

| Year | Count |
|------------------|--------------|
| 2015 | 2,995 |
| 2015 | 2,954 |
| 2017 | 2,965 |
| 2018 | 2,962 |
| 2018 | 2,934 |
| 2020 | 2,948 |
| 2021* | 2,911 |
| *as of 9/30/2021 | |

Sponsoring Witness: Andrea Schroeder

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8. State whether Delta serves any “free gas” customers who receive gas in exchange for pipeline crossing their property. If so, state how many and where they are located.

Response:

Yes, there is one customer that receives gas in exchange for a pipeline crossing the customer’s property. The customer is located in Williamsburg.

Sponsoring Witness: Andrea Schroeder

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9. State whether Delta contracts for any gas to serve farm tap customers. If yes, explain why Delta considers those customers to be farm tap customers.

Response:

Delta contracts for gas supply to farm tap customers in our Eastern Pikeville system from Diversified Southern Production. Delta also contracts to supply Delta's farm tap customers on the Vinland gathering system from Vinland Energy.

Please see the response to PSC 5-1 and PSC 5-10 for a full description of why Delta considers these customers to be farm tap customers, as well as the Commission orders regarding same.

Sponsoring Witness: John B. Brown

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10. Explain why Delta considers the recently acquired People's Gas customers to be farm tap instead of utility customers.

Response:

Please see the response to Question No. 3. Delta considers the recently acquired Peoples' Gas customers to be farm tap customers instead of utility customers for many reasons. First, the Commission has thrice-held that the nature of the service provided to the customers is farm tap service:

- Case No. 2013-00163, *Joint Application of PNG Companies LLC, Peoples Natural Gas Company LLC, EQT Corporation, Distribution Holdco, LLC and Equitable Gas Company, LLC for Approval of Acquisition of Ownership and Control of Equitable Gas Company, LLC* (Sept. 3, 2013): The Commission did not require approval of the sale of Equitable's assets because it only served customers pursuant to KRS 278.485.
- Case No. 2018-00263, *Georgia Johnson v. Peoples Gas KY, LLC* (Ky. PSC Mar. 27, 2020): Held that because Peoples Gas only provides farm tap service; it is not a public utility.
- Case No. 2020-00346, *Electronic Application of Essential Utilities, Inc., PNG Companies LLC, Peoples Gas KY LLC, and Delta Natural Gas Company, Inc. For (1) a Declaratory Order and (2) Increase in Rates for Peoples Gas KY LLC* (Ky. PSC Feb. 22, 2021): Confirming that Delta was acquiring farm tap customers.

These orders confirm that Delta acquired farm tap customers from Peoples Gas; the nature of the service provided did not change with the transaction.

Second, the former Peoples Gas customers are served from well or gathering lines. There is no distribution network in the area to serve the customers.

Third, the former Peoples Gas customers signed an application at the time of taking service making clear they were receiving farm tap service.

Fourth, the Peoples Gas tariff made clear that the customers were receiving farm tap service.

Fifth, the furnished equipment is consistent with farm tap service.

Sponsoring Witness: Counsel and Jonathan Morphew

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11. State who owns the lines from which People's Gas farm tap customers are served.

Response:

Diversified Southern Production

Sponsoring Witness: Jonathan Morpew

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12. Describe the transactions involved in the provision of farm tap gas supply and transmission service to the individual Peoples Gas delivery points.

Response:

Farm tap gas supply and transmission service involves a transaction between Diversified Southern Production and Delta. Consistent with its practices before Peoples Gas was transferred to Delta, Peoples Gas reviews the applications submitted by individuals requesting service to determine if the property to be served appears to be located within one-half air mile of a gathering pipeline. If the mileage criteria appear to have been met, Peoples contacts Diversified regarding the proposed service.

Sponsoring Witness: Jonathan Morphey

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13. Provide a discussion of the existing Delta farm tap customers compared to the recently acquired People's Gas customers, with respect to their designations as farm tap customers pursuant to KRS 278.485. The discussion should include, but not be limited to, the differences in ownership and quality of gas supplied, ownership and use of transmission facilities, and customers' relative assurance of gas supply.

Response:

Please see the responses to Item Nos. 1, 3, and 6 of these Requests.

Sponsoring Witness: Jonathan Morphew

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14. Refer to Delta's current tariff on file with the Commission, P.S.C. No. 12, First Revised Sheet No. 15.

- a. Regarding the \$20 collection charge, explain if this charge is assessed whether service is disconnected or not when a Delta representative makes a trip to the premises of a customer for the purpose of terminating service.
- b. Regarding the \$60 reconnection charge, explain whether this charge includes both the cost of disconnection and reconnection or whether it just includes the cost of reconnection.

Response:

a. The \$20 collection charge may be assessed if service is not disconnected. As explained in the tariff, the charge may be assessed "if the customer pays the delinquent bill to avoid termination. The charge may also be assessed if the Company's representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date." As shown in response to PSC 2-4, the majority of the costs associated with the collection charge are field labor, which are incurred even if service is not disconnected.

- b. The \$60 reconnection charge just includes the cost of reconnection.

Sponsoring Witness: John B. Brown

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15. Refer to Delta's response to Commission Staff's First Request for Information, Items 52 and 53. As the amount of non-recurring charge revenue for the years 2016 to 2019 ranged from \$282,145 to \$334,760, explain why \$82,422 should be considered a reasonable non-recurring charge revenue forecast for calendar year 2022.

Response:

The forecasted non-recurring charges were developed from base-period levels determined at the time of the filing. However, the forecasted levels of non-recurring charges are generally representative of the linear trends in non-recurring charge revenue that Delta has been experiencing the past several years. The following analysis compares the forecasted test-year revenue for each non-recurring charge to the level based on the linear trend in the revenue for each charge category (i.e., based on a linear regression analysis). As can be seen from the analysis, as summarized in the following table, the test-year revenues for the non-recurring charges reasonably reflect, but are actually lower than, the level based on the linear regression analysis:

| Non-Recurring Charge | Forecasted Teat Year Revenue | Revenue Based on Linear Trend Analysis |
|-----------------------------|-------------------------------------|---|
| Reconnection Charge | \$ 57,060 | \$ 21,124 |
| Collection Charge | 11,780 | 10,425 |
| Returned Check Charge | 255 | 854 |
| Light Pilot Charge | 4,960 | 2,273 |
| Peoples KY | 8,367 | 7,164 |
| Total | \$ 82,422 | \$ 41,840 |

The analysis is attached in PDF and Excel format.

Sponsoring Witness: John Brown and William Steven Seelye

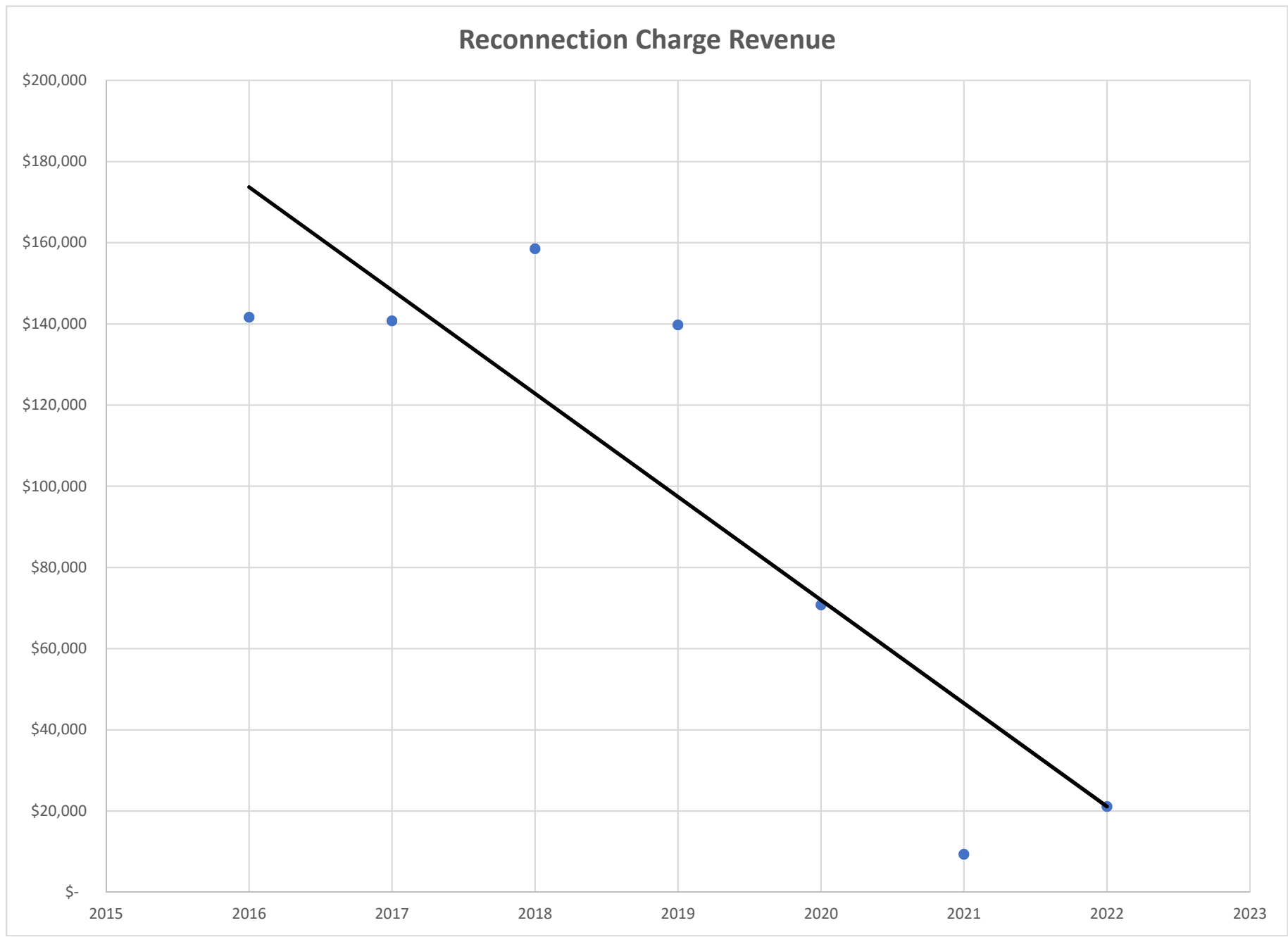
Delta Natural Gas Company

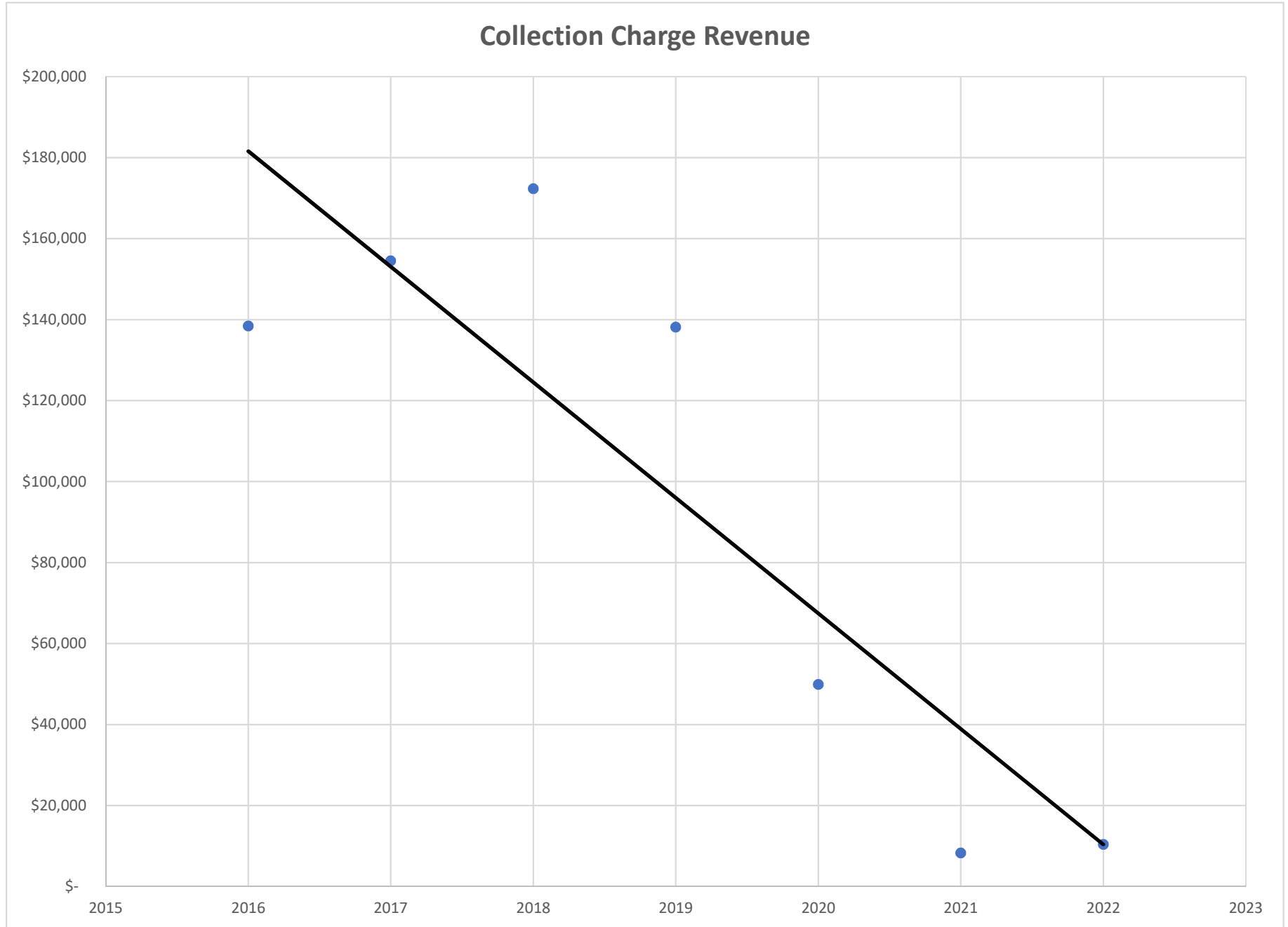
Linear Trend Analysis of Non-Recurring Charge Revenue

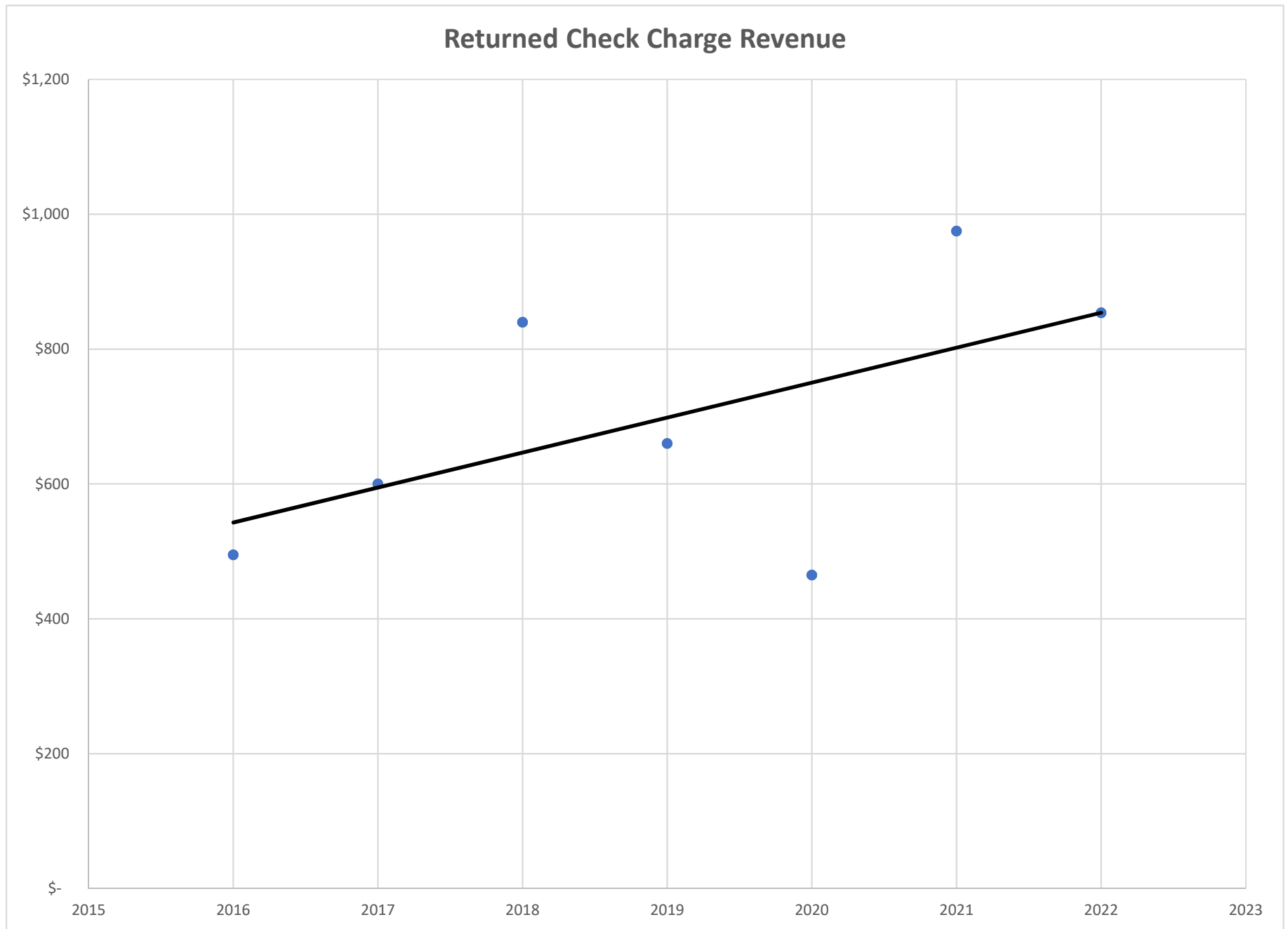
| Year | Reconnection Charge | Collection Charge | Returned Check Charge | Light Pilot Charge | Peoples KY | Total |
|---------------------|---------------------|-------------------|-----------------------|--------------------|-----------------|------------------|
| 2016 | \$ 141,660 | \$ 138,400 | \$ 495 | \$ 5,425 | \$ 8,411 | \$ 285,980 |
| 2017 | 140,760 | 154,500 | 600 | 4,235 | 9,642 | 300,095 |
| 2018 | 158,520 | 172,320 | 840 | 3,080 | 9,458 | 334,760 |
| 2019 | 139,740 | 138,140 | 660 | 3,604 | 5,911 | 282,144 |
| 2020 | 70,800 | 49,900 | 465 | 3,920 | 7,433 | 125,085 |
| 2021 * | 9,360 | 8,320 | 975 | 2,475 | 8,367 | 21,130 |
| 2022 ** | \$ 21,124 | \$ 10,425 | \$ 854 | \$ 2,273 | \$ 7,164 | \$ 41,840 |
| Forecasted TY Level | \$ 57,060 | \$ 11,780 | \$ 255 | \$ 4,960 | \$ 8,367 | \$ 82,422 |

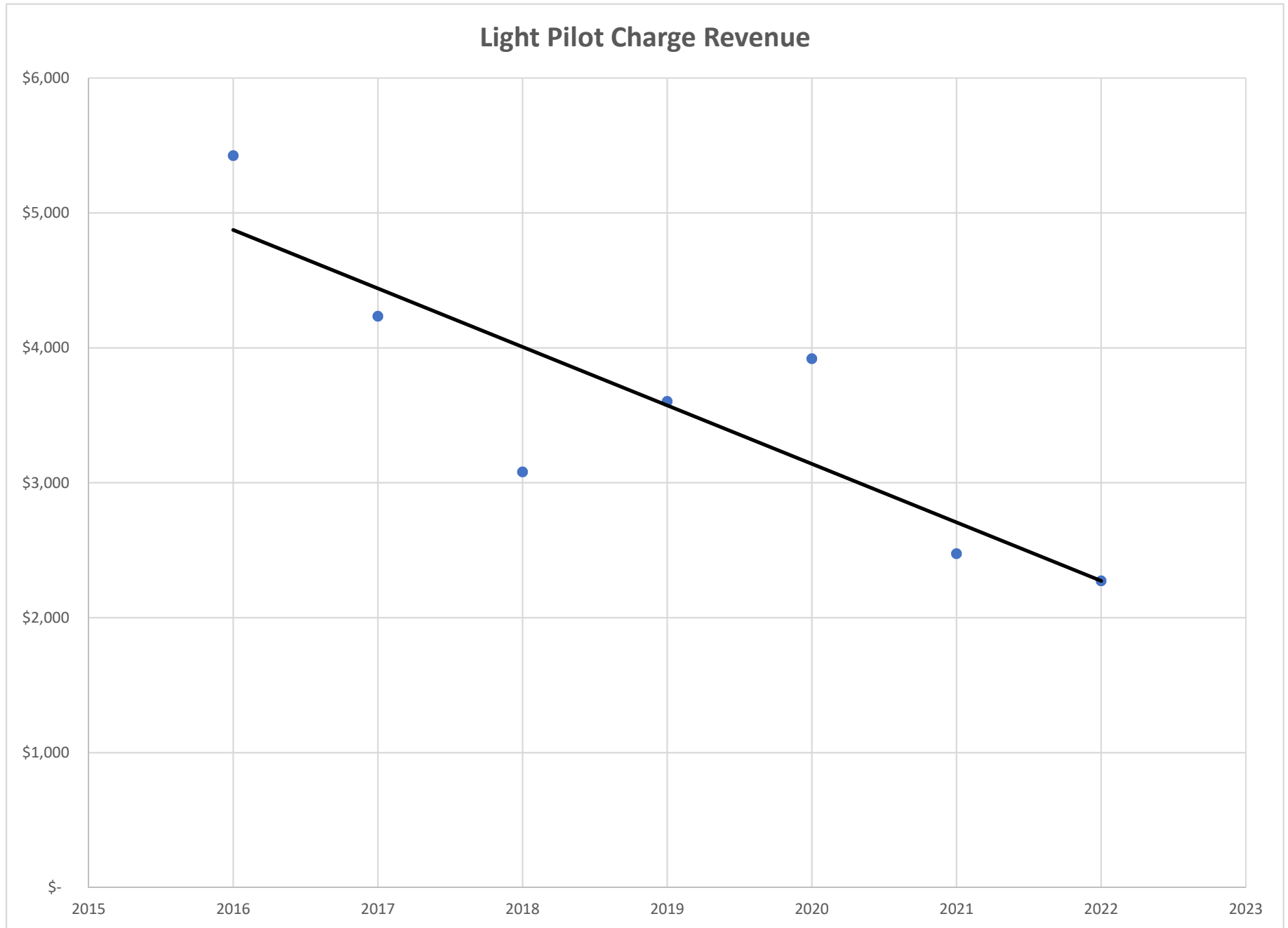
* Base period amounts

** Based on linear trend (ie., linear regression) of annual revenue for 2016 - 2021.

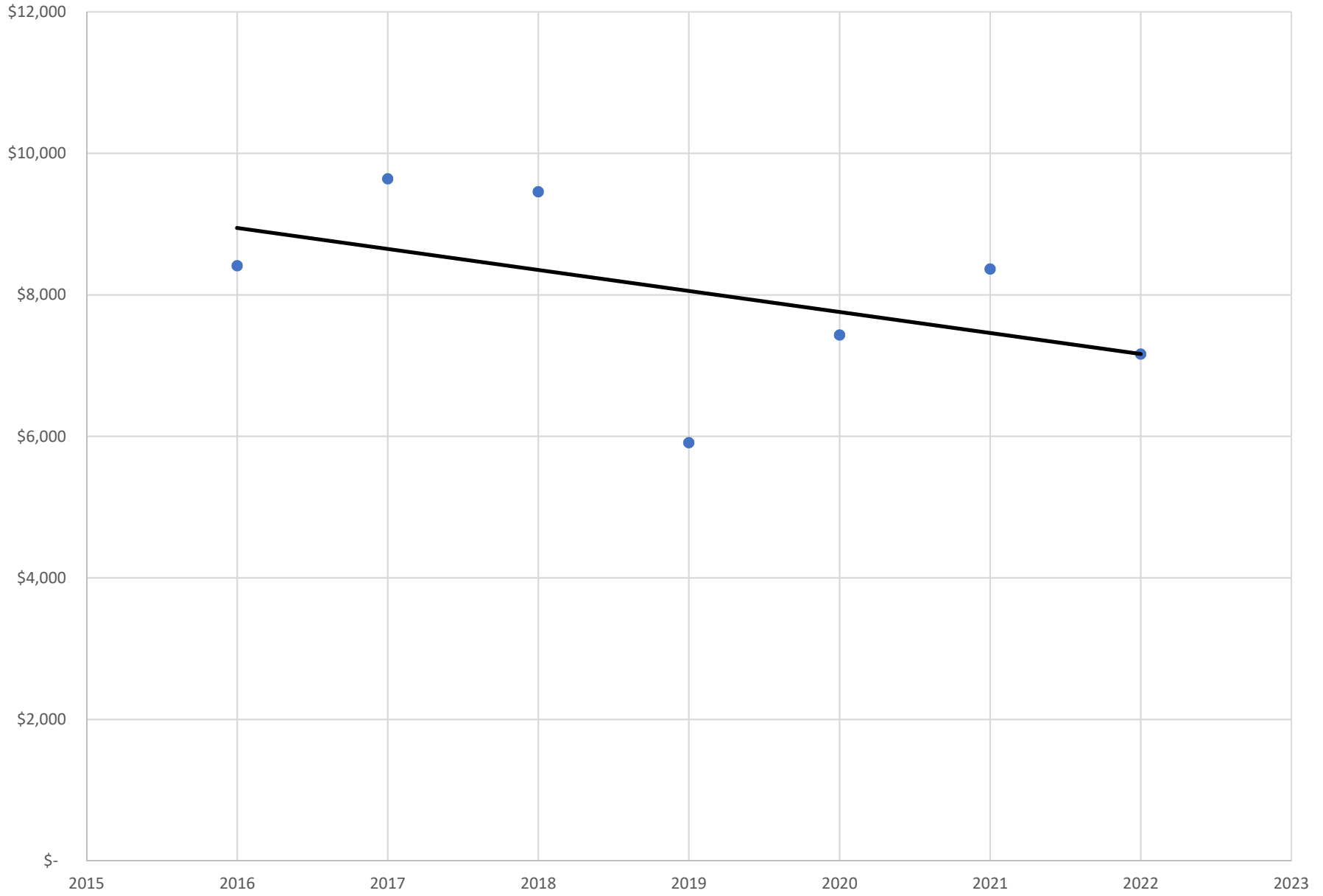








Peoples Kentucky Non-Recurring Charge Revenue



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16. Refer to Delta's response to Commission Staff's Fourth Request for Information (Staff's Fourth Request), Item 2.

a. Explain whether service would be refused if a customer refused to provide or did not have photo identification.

b. Explain whether there are other forms of identification Delta would accept in lieu of photo identification.

c. Explain whether service would be refused if a customer failed to provide their complete Social Security Number, last four digits of their Social Security Number, or their Driver's License Number.

d. Explain whether Delta retains the customer's Social Security Number or Driver's License Number. If so, explain the measures Delta takes to protect such information.

Response:

a. Delta requires photo identification to confirm the identity of the account holder to provide service. To protect the customer and the company as noted in the response to PSC 4-2, some level of identification is required. Delta can only recall the identification requirement being a concern in one or two situations, and in both, Delta and the customer resolved the issue to both parties' satisfaction, and would hope to do so in the future should additional concerns arise.

b. See the response to part a.

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- c. Delta will accept the last four digits of the customers Social Security Number to confirm the identity of the account holder to provide service. To protect the customer and the company as noted in the response to PSC 4-2, some level of identification is required.
- d. The information is maintained electronically in SAP with the customer's master data. The data is masked from viewing by company employees with only the last four digits being visible to protect the information.

Sponsoring Witness: Andrea Schroeder

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17. Refer to Delta's response to Staff's Fourth Request, Item 9(b). Explain why a new owner with no affiliation with the previous owner would be responsible for the previous owner's account balance if they requested a continuance of service.

Response:

The purpose of the proposed tariff revision was to prevent customers from avoiding delinquent balances by changing the name on the account associated with the premise. After considering Commission Staff's inquiries regarding this provision, Delta withdraws its request to include this provision in its tariff.

Sponsoring Witness: John B. Brown