

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

COMMISSION STAFF POST-HEARING REQUEST FOR INFORMATION
DATED NOVEMBER 18, 2021

1. Provide the adjustment necessary to remove the \$1,750,299 for the right-of-way acquisition of the entire Nicholasville Project from 2022, including the calculation in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response:

See attached Exhibit and Supporting Schedule. Delta originally planned to spend the entire 2022 budgeted amount for the Nicholasville project of \$1,750,299 on right-of-way acquisition. After the Commission denied Delta's deviation request for its CPCN application, Delta will now incur costs in 2022 for engineering and other pre-construction requirements, such as surveying. As detailed in response to Question No. 2, only \$1,084,251 of the \$1,750,299 will be spent on right-of-way acquisition for the Nicholasville Project in 2022. The remaining \$666,048 will be spent on permitting, regulatory compliance, and other preliminary pre-construction activities for which a CPCN is not required. Adjustment 16 shows the impact of removing \$1,084,251 from Delta's request.

To be fully responsive, Delta is also providing the impact of removing the entire \$1,750,299 as Adjustment 17. Removing the entire \$1,750,299 would disallow rate recovery for the costs associated with applying for the CPCN and other regulatory compliance requirements, such as those necessary for the United States Army Corps of Engineers. Delta respectfully submits that it would be unjust to disallow Delta from recovering the prudently incurred costs that are necessary to comply with state and federal regulatory requirements. If the Commission is concerned by Delta acquiring right-of-way for the Nicholasville Project prior to receiving a CPCN

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for the Project, Delta can delay the acquisition of right-of-way until the Commission grants Delta a CPCN for the Project.

Sponsoring Witness: John B. Brown

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2. Provide a clear delineation of what portion of the \$1,750,299 will be used for actual purchase of land or an interest in land for the purpose of constructing the Nicholasville Project and what portion of the \$1,750,299 will be used for other costs.

Response: When Delta filed its Application in this case, Delta expected to spend \$1,750,299 in 2022 for acquisition of right-of-way for the Nicholasville Project. At that time, Delta had planned to conduct the engineering work in house. When the Commission denied Delta's request for a deviation from CPCN requirements, Delta immediately sought bids for the engineering work for the Nicholasville Project and will seek a CPCN request in a separate proceeding. Delta plans to also spend money in 2022 for engineering the Project and other pre-construction requirements.

Delta now intends to utilize the \$1,750,299 budgeted in 2022 as follows:

- Engineering and Other Non-Right-of-Way Support:
 - Environmental: [REDACTED]
 - Survey: [REDACTED]
 - Engineering & Drafting: [REDACTED]
 - Cathodic Protection & AC Mitigation: [REDACTED]
 - Support During Construction: [REDACTED]
 - Total: \$666,048

- Right-of-Way:
 - Right-of-Way Labor: [REDACTED]
 - Right-of-Way Payments: [REDACTED] (right-of-way payments will likely exceed this amount, as described further below)
 - Total: \$1,084,251

The breakdown of costs is based on the estimate that Delta received from the bid it ultimately accepted. A copy of the bid was provided confidentially as Exhibit JM-1 to Mr. Morphew's rebuttal testimony. Delta estimated the [REDACTED] for right-of-way payments by subtracting the sum of the other components from the total 2022 budgeted amount of \$1,750,299. In total, \$666,048 will be spent on permitting, regulatory compliance, and other preliminary pre-construction activities, leaving \$1,084,251 for right-of-way labor and payments.

Delta anticipates it will exceed \$1,084,251 in right-of-way labor and payments. In fact, as described in Mr. Morphew's rebuttal testimony, Delta expects to spend approximately [REDACTED] per foot to purchase pipeline easements for a total cost of [REDACTED]. Together with the contractor costs for right-of-way labor, Delta expects to spend approximately \$1.8 million in right-of-way

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acquisition costs in 2022. Thus, Delta will likely spend more than budgeted for the Nicholasville Project in 2022.

Sponsoring Witness: John B. Brown and Jonathan Morpew

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3. Identify all costs that are included in the \$1,750,299 and how they will be recorded on Delta's books prior to construction.

Response:

All of the costs included in the \$1,750,299 for the Nicholasville Project are considered to be capital and would be recorded as Construction Work In Progress – Utility (SAP Account 1311010 / FERC Account 9107000).

Sponsoring Witness: Andrea Schroeder

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4. Explain the accounting treatment for rights-of-way that are purchased before construction if the project is ultimately abandoned.

Response:

Based on historic experience with project planning and timing for acquiring rights-of-way for those projects, Delta is unaware of any projects being abandoned after rights-of-ways have been purchased.

As noted in response to Question No. 1, Delta will agree to delay the acquisition of rights-of-way until the Commission grants Delta a CPCN for the project.

Sponsoring Witness: Andrea Schroeder

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5. Provide the complete capital structure, including the balances of each component, percent of total for each balance, cost rates, and the 13-month average cost rates for the proposed Stipulation.

Response:

See attached.

Sponsoring Witness: John B. Brown and William C. Packer

Delta Natural Gas Co., Inc.
 Capital Structure
 2021 Rate Case

13 mo. Ave.
Pro Forma

Equity		Ratios	Cost Rates	Weighted Cost of Capital	Return
	71,789,187				
	-				
	-				
	-				
	<u>71,789,187</u>	51.72%	9.30%	4.810%	
Long Term Debt	64,574,886	46.52%	4.147%	1.929%	
Short Term Debt	<u>2,443,005</u>	1.76%	1.000%	0.018%	
	<u>138,807,078</u>	<u>100%</u>		<u>6.76%</u>	<u>9,378,896</u>
Rate Base	<u>134,688,776</u>			6.76%	<u>9,100,631</u>

Capitalization in Excess of Rate Base \$ 4,118,302

Cost of Long Term Debt

Interest Rate	Issue Date	Maturity Date	LT (incl. CP) 03/31/21	Pro Forma Adj 7//21-7/22	Pro Forma 13 mo ave LTD	Wtd Average Interest	Unamort Debt Iss	Annual Amortization	Effective Interest Rate
4.26%	07/15/17	12/31/31	43,000,000	(1,615,385)	41,384,615	1,762,985	0	193,480	4.728%
4.10%	12/20/12	12/19/23	181,200	0	181,200	7,429	0	0	4.100%
4.25%	12/20/12	12/19/25	137,600	0	137,600	5,848	0	0	4.250%
3.10%	2021/2022	N/A	0	22,871,471	22,871,471	708,329	0	0	3.097%
	check		43,318,800	21,256,086	64,574,886	2,484,591	-	193,480	4.147%
			\$ (43,318,800)						
					64,574,886				

12/31/2021	41,500,000
1/31/2022	41,500,000
2/28/2022	41,500,000
3/31/2022	41,500,000
4/30/2022	41,500,000
5/31/2022	41,500,000
6/30/2022	41,500,000
7/31/2022	41,500,000
8/31/2022	41,500,000
9/30/2022	41,500,000
10/31/2022	41,500,000
11/30/2022	41,500,000
12/31/2022	<u>40,000,000</u>
	538,000,000

13
 41,384,615.38

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6. Provide the Cost of Service Study that supports the Stipulation in Excel format with all formulas, columns, and rows unprotected and accessible.

Response:

See attached.

Sponsoring Witness: William Steven Seelye

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7. Provide the class rate of returns based on the Stipulation.

Response:

See below:

	Operating Margin	Rate Base	ROR	Ratio to Total Company
Residential	\$ 2,669,431	\$ 77,550,816	3.44%	0.61
Residential Farm Tap	\$ 82,855	\$ 794,371	10.43%	1.86
Small Non-Res	\$ 1,591,407	\$ 16,568,639	9.60%	1.71
Large Non-Res	\$ 2,674,030	\$ 26,950,124	9.92%	1.77
Interruptible	\$ 951,887	\$ 1,727,540	55.10%	9.83
Special	\$ (324,887)	\$ 2,484,510	-13.08%	-2.33
Off Sys Trans	\$ (93,332)	\$ 8,659,119	-1.08%	-0.19
Total Company	\$ 7,551,392	\$ 134,735,119	5.60%	1.00

Also, see response to Post Hearing Data Request #6.

As explained in his Direct Testimony, Mr. Seelye wants to reiterate that there is a very real risk of either physical or transactional by-pass by the Special Contracts and Off System Transportation customers. While the Company proposed large rate increases for these two rate classes, Delta was concerned that any greater movement in the direction of reflecting cost of service for these rate classes would risk Delta losing the contribution that these customers are currently providing toward the recovery of fixed costs. Since these classes do contribute revenue to Delta's fixed costs, the remaining customers on Delta's system would be harmed if some, or all, of these customers decided to bypass Delta.

Sponsoring Witness: William Steven Seelye

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8. Provide the amount of revenue by month, from each nonrecurring charge and the number of times each charge was assessed each month starting in April 2021 to present.

Response: See attached.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS, INC.**Post Hearing Data Response - Question No. 8****Delta and PKY Non-recurring charges and occurrences by month - Apr 2021-Oct 2021**

	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21
Delta Collection Charge							
Count	143	416	331	299	242	161	117
Rate	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
Revenue	\$ 2,846.44	\$ 8,290.62	\$ 6,587.23	\$ 5,946.10	\$ 4,818.53	\$ 3,209.83	\$ 2,329.83
Delta Reconnection Charge							
Count	41	60	49	48	14	99	461
Rate	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
Revenue	\$ 2,460.00	\$ 3,600.00	\$ 2,940.00	\$ 2,880.00	\$ 840.00	\$ 5,940.00	\$ 27,660.00
Delta Bad Check Charge							
Count	42	17	23	30	16	37	35
Rate	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
Revenue	\$ 630.00	\$ 255.00	\$ 345.00	\$ 450.00	\$ 240.00	\$ 555.00	\$ 525.00
Delta Light Pilot Charge							
Count	6	7	1	1	4	6	20
Rate	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00
Revenue	\$ 210.00	\$ 245.00	\$ 35.00	\$ 35.00	\$ 140.00	\$ 210.00	\$ 700.00
Delta Subtotal	\$ 6,146.44	\$ 12,390.62	\$ 9,907.23	\$ 9,311.10	\$ 6,038.53	\$ 9,914.83	\$ 31,214.83
PKY Reconnection Charge							
Count	1	2	1	2	1	3	19
Rate	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Revenue	\$ 25.00	\$ 50.00	\$ 25.00	\$ 50.00	\$ 25.00	\$ 75.00	\$ 475.00
PKY Transfer Service Charge							
Count	0	0	0	0	3	0	0
Rate	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Revenue	\$ -	\$ -	\$ -	\$ -	\$ 75.00	\$ -	\$ -
PKY Turn On Charge							
Count	3	0	0	2	1	0	7
Rate	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Revenue	\$ 75.00	\$ -	\$ -	\$ 50.00	\$ 25.00	\$ -	\$ 175.00
PKY Turn On Charge							
Count	1	0	1	1	6	1	4
Rate	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Revenue	\$ 150.00	\$ -	\$ 150.00	\$ 150.00	\$ 900.00	\$ 150.00	\$ 600.00
PKY Meter Install Charge							
Count	0	0	2	0	4	0	4
Rate	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Revenue	\$ -	\$ -	\$ 50.00	\$ -	\$ 100.00	\$ -	\$ 100.00
PKY Meter Install Charge							
Count	1	0	1	0	0	1	1
Rate	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Revenue	\$ 150.00	\$ -	\$ 150.00	\$ -	\$ -	\$ 150.00	\$ 150.00
PKY Subtotal	\$ 400.00	\$ 50.00	\$ 375.00	\$ 250.00	\$ 1,125.00	\$ 375.00	\$ 1,500.00
Total Misc Charges	\$ 6,546.44	\$ 12,440.62	\$ 10,282.23	\$ 9,561.10	\$ 7,163.53	\$ 10,289.83	\$ 32,714.83

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9. Provide the amount of revenue from each nonrecurring charge by month for the period of September through August for each of the years 2016 through 2020; also include the number of times each charge was assessed each month during this period.

Response: See attached.

Sponsoring Witness: John B. Brown

DELTA NATURAL GAS, INC.

Post Hearing Data Response - Question No. 9

Delta - Non-recurring revenue and occurrences by month - Sept 2016-Aug 2020

CHARGE	DESCRIPTION	YEAR	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
\$ 15.00	BAD CHECK REVENUE	2016/2017	\$ 495	\$ 405	\$ 435	\$ 765	\$ 900	\$ 840	\$ 1,005	\$ 525	\$ 795	\$ 540	\$ 570	\$ 570	\$ 7,845
\$ 15.00	BAD CHECK REVENUE	2017/2018	\$ 660	\$ 480	\$ 525	\$ 480	\$ 855	\$ 1,050	\$ 855	\$ 735	\$ 915	\$ 525	\$ 525	\$ 525	\$ 8,130
\$ 15.00	BAD CHECK REVENUE	2018/2019	\$ 540	\$ 720	\$ 1,035	\$ 480	\$ 675	\$ 870	\$ 975	\$ 825	\$ 600	\$ 750	\$ 660	\$ 585	\$ 8,715
\$ 15.00	BAD CHECK REVENUE	2019/2020	\$ 390	\$ 750	\$ 435	\$ 720	\$ 735	\$ 900	\$ 750	\$ 525	\$ 345	\$ 255	\$ 345	\$ 120	\$ 6,270

Number of times assessed each month

\$ 15.00	BAD CHECK REVENUE	2016/2017	33	27	29	51	60	56	67	35	53	36	38	38	523
\$ 15.00	BAD CHECK REVENUE	2017/2018	44	32	35	32	57	70	57	49	61	35	35	35	542
\$ 15.00	BAD CHECK REVENUE	2018/2019	36	48	69	32	45	58	65	55	40	50	44	39	581
\$ 15.00	BAD CHECK REVENUE	2019/2020	26	50	29	48	49	60	50	35	23	17	23	8	418

CHARGE	DESCRIPTION	YEAR	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
\$ 20.00	COLLECTION REVENUE	2016/2017	\$ 5,900	\$ 5,000	\$ 3,420	\$ 4,960	\$ 3,980	\$ 12,660	\$ 19,480	\$ 28,720	\$ 24,800	\$ 26,000	\$ 9,820	\$ 6,940	\$ 151,680
\$ 20.00	COLLECTION REVENUE	2017/2018	\$ 6,840	\$ 5,880	\$ 4,240	\$ 4,700	\$ 6,220	\$ 15,160	\$ 23,680	\$ 29,540	\$ 22,120	\$ 29,500	\$ 20,840	\$ 6,900	\$ 175,620
\$ 20.00	COLLECTION REVENUE	2018/2019	\$ 7,300	\$ 3,440	\$ 3,620	\$ 3,560	\$ 4,000	\$ 12,100	\$ 19,860	\$ 21,440	\$ 23,160	\$ 23,900	\$ 9,900	\$ 7,340	\$ 139,620
\$ 20.00	COLLECTION REVENUE	2019/2020	\$ 4,740	\$ 4,060	\$ 4,200	\$ 3,240	\$ 4,980	\$ 15,660	\$ 21,620	\$ 4,020	\$ -	\$ -	\$ -	\$ -	\$ 62,520

Number of times assessed each month

\$ 20.00	COLLECTION REVENUE	2016/2017	295	250	171	248	199	633	974	1436	1240	1300	491	347	7584
\$ 20.00	COLLECTION REVENUE	2017/2018	342	294	212	235	311	758	1184	1477	1106	1475	1042	345	8781
\$ 20.00	COLLECTION REVENUE	2018/2019	365	172	181	178	200	605	993	1072	1158	1195	495	367	6981
\$ 20.00	COLLECTION REVENUE	2019/2020	237	203	210	162	249	783	1081	201	0	0	0	0	3126

CHARGE	DESCRIPTION	YEAR	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
\$ 60.00	RECONNECT REVENUE	2016/2017	\$ 3,300	\$ 7,380	\$ 33,240	\$ 47,040	\$ 12,240	\$ 6,240	\$ 4,200	\$ 5,040	\$ 4,320	\$ 6,180	\$ 3,840	\$ 2,940	\$ 135,960
\$ 60.00	RECONNECT REVENUE	2017/2018	\$ 4,320	\$ 9,000	\$ 43,680	\$ 38,760	\$ 14,100	\$ 5,940	\$ 5,220	\$ 6,300	\$ 10,320	\$ 8,520	\$ 6,600	\$ 2,100	\$ 154,860
\$ 60.00	RECONNECT REVENUE	2018/2019	\$ 4,080	\$ 3,540	\$ 52,440	\$ 39,420	\$ 7,980	\$ 5,100	\$ 5,400	\$ 6,720	\$ 5,520	\$ 6,000	\$ 5,040	\$ 2,520	\$ 143,760
\$ 60.00	RECONNECT REVENUE	2019/2020	\$ 2,520	\$ 3,420	\$ 53,880	\$ 35,580	\$ 5,700	\$ 6,840	\$ 7,080	\$ 2,220	\$ 180	\$ 180	\$ 240	\$ 360	\$ 118,200

Number of times assessed each month

\$ 60.00	RECONNECT REVENUE	2016/2017	55	123	554	784	204	104	70	84	72	103	64	49	2266
\$ 60.00	RECONNECT REVENUE	2017/2018	72	150	728	646	235	99	87	105	172	142	110	35	2581
\$ 60.00	RECONNECT REVENUE	2018/2019	68	59	874	657	133	85	90	112	92	100	84	42	2396
\$ 60.00	RECONNECT REVENUE	2019/2020	42	57	898	593	95	114	118	37	3	3	4	6	1970

DELTA NATURAL GAS, INC.

Post Hearing Data Response - Question No. 9

Peoples-KY Non-recurring revenue and occurrences by month - Sept 2016-Aug 2020

CHARGE	DESCRIPTION	YEAR	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
\$ 25.00	RECONNECTION NON-PAY CHARGE	2016/2017	\$ 125	\$ 150	\$ 300	\$ 25	\$ -	\$ 25	\$ 25	\$ 50	\$ 50	\$ 25	\$ 25	\$ 25	\$ 825
\$ 25.00	RECONNECTION NON-PAY CHARGE	2017/2018	\$ 100	\$ 400	\$ 100	\$ 50	\$ 25	\$ -	\$ -	\$ 300	\$ 175	\$ 100	\$ -	\$ 200	\$ 1,450
\$ 25.00	RECONNECTION NON-PAY CHARGE	2018/2019	\$ 100	\$ 225	\$ 175	\$ 50	\$ 25	\$ -	\$ -	\$ -	\$ 25	\$ 225	\$ 25	\$ 125	\$ 975
\$ 25.00	RECONNECTION NON-PAY CHARGE	2019/2020	\$ 75	\$ 575	\$ 200	\$ 100	\$ -	\$ 50	\$ -	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ 1,025

Number of times assessed each month

\$ 25.00	RECONNECTION NON-PAY CHARGE	2016/2017	5	6	12	1	0	1	1	2	2	1	1	1	33
\$ 25.00	RECONNECTION NON-PAY CHARGE	2017/2018	4	16	4	2	1	0	0	12	7	4	0	8	58
\$ 25.00	RECONNECTION NON-PAY CHARGE	2018/2019	4	9	7	2	1	0	0	0	1	9	1	5	39
\$ 25.00	RECONNECTION NON-PAY CHARGE	2019/2020	3	23	8	4	0	2	0	0	1	0	0	0	41

CHARGE	DESCRIPTION	YEAR	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
\$ 25.00	TURN ON CHARGE	2016/2017	\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 25	\$ -	\$ 25	\$ 25	\$ 50	\$ 250
\$ 25.00	TURN ON CHARGE	2017/2018	\$ 25	\$ 25	\$ 50	\$ -	\$ 75	\$ -	\$ -	\$ -	\$ 25	\$ 25	\$ 75	\$ 25	\$ 325
\$ 25.00	TURN ON CHARGE	2018/2019	\$ 100	\$ 50	\$ 75	\$ -	\$ 25	\$ -	\$ 25	\$ 25	\$ 125	\$ 25	\$ -	\$ 25	\$ 475
\$ 25.00	TURN ON CHARGE	2019/2020	\$ -	\$ 50	\$ 150	\$ 25	\$ 50	\$ 50	\$ 25	\$ -	\$ 25	\$ 50	\$ -	\$ -	\$ 425

Number of times assessed each month

\$ 25.00	TURN ON CHARGE	2016/2017	2	2	0	0	0	0	1	1	0	1	1	2	10
\$ 25.00	TURN ON CHARGE	2017/2018	1	1	2	0	3	0	0	0	1	1	3	1	13
\$ 25.00	TURN ON CHARGE	2018/2019	4	2	3	0	1	0	1	1	5	1	0	1	19
\$ 25.00	TURN ON CHARGE	2019/2020	0	2	6	1	2	2	1	0	1	2	0	0	17

CHARGE	DESCRIPTION	YEAR	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
\$ 25.00	TRANSFER SERVICE CHARGE	2016/2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ 75	\$ 25	\$ 50	\$ -	\$ -	\$ 25	\$ 225
\$ 25.00	TRANSFER SERVICE CHARGE	2017/2018	\$ 25	\$ -	\$ -	\$ 25	\$ 25	\$ -	\$ -	\$ 150	\$ -	\$ 25	\$ 50	\$ 50	\$ 350
\$ 25.00	TRANSFER SERVICE CHARGE	2018/2019	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ 50
\$ 25.00	TRANSFER SERVICE CHARGE	2019/2020	\$ -	\$ 50	\$ -	\$ 50	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125

Number of times assessed each month

\$ 25.00	TRANSFER SERVICE CHARGE	2016/2017	0	0	0	0	0	2	3	1	2	0	0	1	9
\$ 25.00	TRANSFER SERVICE CHARGE	2017/2018	1	0	0	1	1	0	0	6	0	1	2	2	14
\$ 25.00	TRANSFER SERVICE CHARGE	2018/2019	0	1	0	0	0	0	0	1	0	0	0	0	2
\$ 25.00	TRANSFER SERVICE CHARGE	2019/2020	0	2	0	2	1	0	0	0	0	0	0	0	5

CHARGE	DESCRIPTION	YEAR	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
\$ 25.00	METER INSTALL CHARGE	2016/2017	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ 125
\$ 25.00	METER INSTALL CHARGE	2017/2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 25
\$ 25.00	METER INSTALL CHARGE	2018/2019	\$ 25	\$ 50	\$ 25	\$ 25	\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225
\$ 25.00	METER INSTALL CHARGE	2019/2020	\$ 25	\$ -	\$ -	\$ -	\$ 25	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100

Number of times assessed each month

\$ 25.00	METER INSTALL CHARGE	2016/2017	0	0	0	0	4	0	0	0	1	0	0	0	5
\$ 25.00	METER INSTALL CHARGE	2017/2018	0	0	0	0	0	0	0	0	0	0	0	1	1
\$ 25.00	METER INSTALL CHARGE	2018/2019	1	2	1	1	2	2	0	0	0	0	0	0	9
\$ 25.00	METER INSTALL CHARGE	2019/2020	1	0	0	0	1	2	0	0	0	0	0	0	4

DELTA NATURAL GAS, INC.

Post Hearing Data Response - Question No. 9

Peoples-KY Non-recurring revenue and occurrences by month - Sept 2016-Aug 2020

CHARGE	DESCRIPTION	YEAR	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
\$ 150.00	TURN ON CHARGE	2016/2017	\$ -	\$ 150	\$ -	\$ 300	\$ 450	\$ 300	\$ -	\$ -	\$ 300	\$ -	\$ 300	\$ 150	\$ 1,950
\$ 150.00	TURN ON CHARGE	2017/2018	\$ -	\$ -	\$ 150	\$ 150	\$ 150	\$ -	\$ 150	\$ 150	\$ 300	\$ -	\$ 750	\$ 300	\$ 2,100
\$ 150.00	TURN ON CHARGE	2018/2019	\$ -	\$ 150	\$ 150	\$ -	\$ 300	\$ 150	\$ 150	\$ -	\$ -	\$ 150	\$ 150	\$ 150	\$ 1,350
\$ 150.00	TURN ON CHARGE	2019/2020	\$ -	\$ 300	\$ 450	\$ 150	\$ 150	\$ 150	\$ 300	\$ -	\$ 150	\$ 150	\$ -	\$ 300	\$ 2,100

Number of times assessed each month

\$ 150.00	TURN ON CHARGE	2016/2017	0	1	0	2	3	2	0	0	2	0	2	1	13
\$ 150.00	TURN ON CHARGE	2017/2018	0	0	1	1	1	0	1	1	2	0	5	2	14
\$ 150.00	TURN ON CHARGE	2018/2019	0	1	1	0	2	1	1	0	0	1	1	1	9
\$ 150.00	TURN ON CHARGE	2019/2020	0	2	3	1	1	1	2	0	1	1	0	2	14

CHARGE	DESCRIPTION	YEAR	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
\$ 150.00	TRANSFER SERVICE CHARGE	2016/2017	\$ -	\$ 450	\$ 150	\$ 150	\$ -	\$ 150	\$ -	\$ -	\$ 300	\$ -	\$ 450	\$ -	\$ 1,650
\$ 150.00	TRANSFER SERVICE CHARGE	2017/2018	\$ 150	\$ 150	\$ 150	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ 900
\$ 150.00	TRANSFER SERVICE CHARGE	2018/2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 150.00	TRANSFER SERVICE CHARGE	2019/2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Number of times assessed each month

\$ 150.00	TRANSFER SERVICE CHARGE	2016/2017	0	3	1	1	0	1	0	0	2	0	3	0	11
\$ 150.00	TRANSFER SERVICE CHARGE	2017/2018	1	1	1	2	0	0	0	0	1	0	0	0	6
\$ 150.00	TRANSFER SERVICE CHARGE	2018/2019	0	0	0	0	0	0	0	0	0	0	0	0	0
\$ 150.00	TRANSFER SERVICE CHARGE	2019/2020	0	0	0	0	0	0	0	0	0	0	0	0	0

CHARGE	DESCRIPTION	YEAR	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
\$ 150.00	METER INSTALL CHARGE	2016/2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 150.00	METER INSTALL CHARGE	2017/2018	\$ 150	\$ 150	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150	\$ 600
\$ 150.00	METER INSTALL CHARGE	2018/2019	\$ -	\$ 150	\$ -	\$ 150	\$ -	\$ 150	\$ 300	\$ 300	\$ 150	\$ -	\$ 150	\$ -	\$ 1,350
\$ 150.00	METER INSTALL CHARGE	2019/2020	\$ 150	\$ -	\$ 150	\$ -	\$ -	\$ 150	\$ 300	\$ -	\$ -	\$ 150	\$ -	\$ -	\$ 900

Number of times assessed each month

\$ 150.00	METER INSTALL CHARGE	2016/2017	0	0	0	0	0	0	0	0	0	0	0	0	0
\$ 150.00	METER INSTALL CHARGE	2017/2018	1	1	1	0	0	0	0	0	0	0	0	1	4
\$ 150.00	METER INSTALL CHARGE	2018/2019	0	1	0	1	0	1	2	2	1	0	1	0	9
\$ 150.00	METER INSTALL CHARGE	2019/2020	1	0	1	0	0	1	2	0	0	1	0	0	6

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10. Provide the percentage of Delta's system that will be replaced through Delta's PRP at the conclusion of the PRP under the current plan.

Response:

Based on current information of the entire system, approximately 14.4% of the system will have been replaced upon completion of the PRP program.

Sponsoring Witness: Jonathan Morpew

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11. Refer to Delta's response to Commission Staff's Fifth Request (Response to Staff's Fifth Request), Item 14, in which Delta indicates that the Reconnection Charge only includes the cost of reconnection, and Delta's response to Commission Staff's Second Request, Item 4, in which Delta provided cost support which referred to the charge as Reconnect-Disconnect. Explain why the cost support provided labeled the reconnection charge "Reconnection-Disconnect" if the cost of disconnection is not included the reconnection charge.

Response:

The label on the cost support comes from some terminology used with the previous system. The "Reconnect-Disconnect" label has been used to represent a Reconnection following a Disconnection, as opposed to, for example, a Reconnection following a move-out or delinquency. It is not meant to suggest that the time and expense involved with the disconnection is being captured in the Reconnection cost support.

Sponsoring Witness: John B. Brown

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12. Explain whether the Collection Charge is charged to the customer if service is disconnected at the time Delta employees visit the premises for the purpose of collecting the amount owed or disconnecting service.

Response:

If a customer has failed to make payment as required, the customer receives a reminder and notification of disconnect after 10 days of delinquency. A customer who pays after receiving notice of the delinquency is not charged the Collection Charge. If the notice does not result in the customer paying, Delta issues a service order for disconnection seven days later. After seven days, a field service representative visits the customer to proceed with collection and disconnection. Regardless of whether the field service representative is able to collect the payment successfully, the Collection Charge is added to the delinquent payment. If the field service representative is unable to collect the payment, the customer is turned off/disconnected.

Sponsoring Witness: John B. Brown

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13. Explain whether Delta charges a Collection Charge, a Disconnect Charge, and a Reconnect Charge to a customer for whom Delta made a trip to the premises for the purposes of terminating service if the service is disconnected and subsequently reconnected.

Response:

If the customer's service is disconnected and the customer desires to be reconnected, the customer is charged the Reconnect Charge in addition to the Collection Charge. If reconnection is requested prior to the customer's deposit being applied to the delinquent bill, the customer is responsible only for the past delinquent bill, the Collection Charge, and the Reconnect Charge. If reconnection is requested after the customer's deposit has been applied to the delinquent bill, prior to reconnection the customer is responsible for the past delinquent bill, the Collection Charge, the Reconnect Chart, and the deposit. Delta does not charge a Disconnect Charge.

Sponsoring Witness: John B. Brown

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14. Explain whether the Reconnection Charge includes the cost of the disconnection and reconnection.

Response:

See the response to Question No. 11. The Reconnection Charge does not include the cost of disconnection.

Sponsoring Witness: John B. Brown

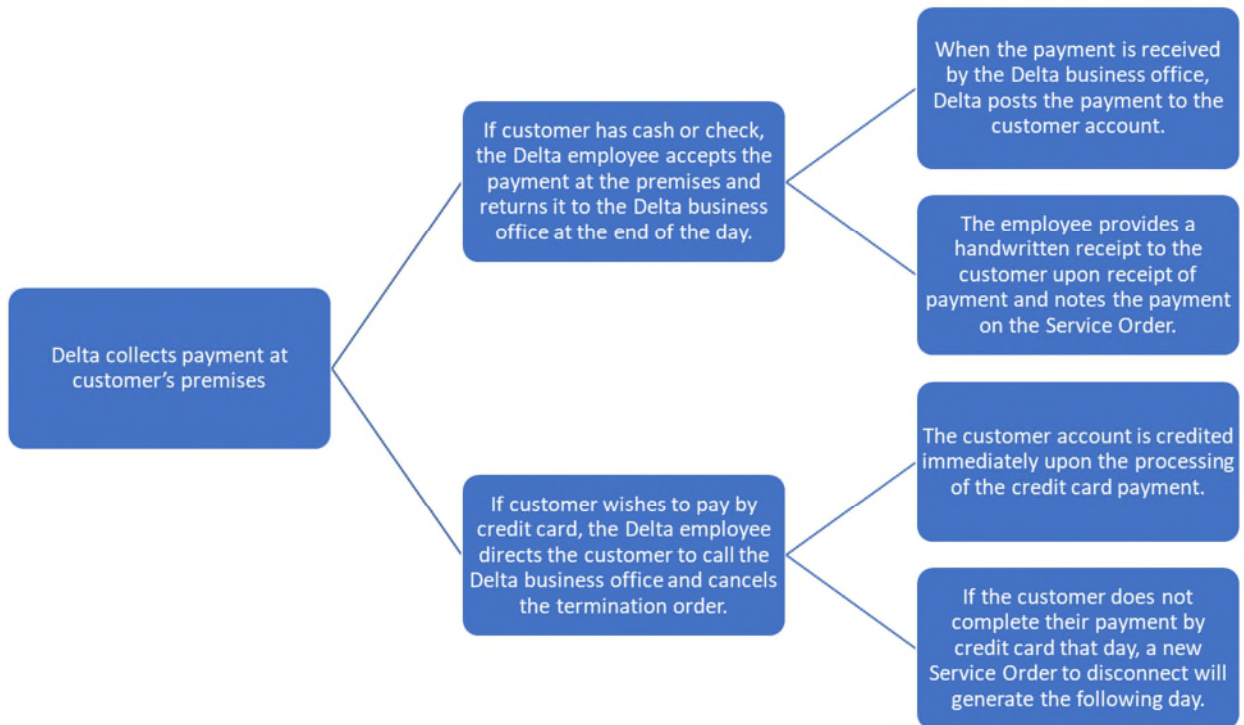
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15. Provide a flow chart showing how Delta collects payment, credits the customer's account, and provides internal controls when a Delta employee is sent to visit a customer's premises for the purpose of terminating service and the customer opts to pay the outstanding balance to avoid disconnection. Include the steps for payment made by cash, check, and credit card.

Response:

See the flow chart below.



Delta has sufficient internal controls to ensure that all payments are correctly applied to customer accounts. First, Delta performs background checks for all new employees. Second, as shown on the flow chart, when a field customer service representative receives cash or check

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payment while at the customer's premises, the employee provides the customer with a handwritten receipt and notes the payment on the Service Order. Third, after the field customer service representative returns the payment to the Delta business office, the payments are posted to the customer accounts and the Service Orders are then completed by the customer representatives at the office. This provides a separation of duties for internal control purposes.

Sponsoring Witness: John B. Brown and Jonathan Morpew

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16. Provide the portions of Delta's Operations and Maintenance Manual dealing with farm taps.

Response:

Delta's Operations and Maintenance Manual does not contain Farm Tap installation procedures, but does contain drawings for most farm taps applicable for Delta's system. The drawings are attached and are provided pursuant to a Petition for Confidential Protection. Each Farm Tap scenario is evaluated by qualified personnel and the appropriate design is selected, fabricated, and implemented.

Sponsoring Witness: Jonathan Morphew

**ATTACHMENT TO DELTA_R_PSCPHDR_NUM016_120321
FILED UNDER SEAL PURSUANT TO THE PETITION FOR
CONFIDENTIAL TREATMENT FILED ON
DECEMBER 3, 2021**

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17. Provide the costs Delta has incurred for each of the last three years to perform maintenance and leakage surveys on the farm taps located on Delta's transmission lines.

Response:

Delta personnel patrols all transmission lines twice annually. The first patrol is a visual line and right of way inspection, and the second patrol is a leak survey. Delta personnel performs the leak survey on not only the transmission pipelines, but the associated facilities and pipeline appurtenances as well. Included in the appurtenances inspected during the patrol, are all farm taps associated with the pipeline. The process of farm tap inspections includes identification of any vegetation removal needed, atmospheric corrosion, soil erosion, absence of paint, and a leak survey of all above ground facilities and fittings. Any of these issues found to be out of compliance are immediately reported to local Distribution personnel to schedule mitigation. Because the farm tap inspections are completed as part of the transmission line inspection process, Delta does not have a mechanism in place for segregating the time utilized for farm tap inspections from leak survey of the transmission line. This renders determining a cost associated with evaluation and mitigation impractical to determine.

Sponsoring Witness: Jonathan Morpew

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18. State whether Delta has any customers on its high pressure distribution lines that Delta considers to be farm tap customers.

Response:

No. While Delta does serve customers from its high-pressure distribution lines, Delta does not propose to migrate those customers to the farm tap tariff.

Sponsoring Witness: Jonathan Morpew

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19. Provide the costs Delta has incurred for each of the last three years to perform maintenance and leakage surveys on the farm taps located on the Vinland line.

Response:

Delta personnel performs leak surveys and inspections on all farm taps on Vinland Energy lines. This is accomplished by completing 33% of the inspections every year. These inspections are conducted in conjunction with the Delta distribution system line patrols, which also require leak survey of 33% of the system each year. There are approximately 288 Delta metered farm taps connected to Vinland Energy production lines. This process results in the inspection of approximately 96 farm taps each year, on average. Two Delta employees are utilized to complete this process and it has been completed for 2021. Assuming no repairs being needed, it results in a labor cost of approximately \$7,200 for each year, 2019 – 2021.

Sponsoring Witness: Jonathan Morphew

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20. Provide the costs to date of performing maintenance and leakage surveys on farm taps formerly operated by Peoples Gas KY, LLC.

Response:

In May of 2021, Delta personnel first began the evaluation and inspection process of the Peoples Gas KY, LLC farm tap facilities. These inspections continued through July, before being interrupted with other scheduled operations in the Delta system. As a result of these inspections, approximately 1,200 farm taps were evaluated and inspected for vegetation growth, erosion, atmospheric corrosion, proper equipment, absence of paint, and leaks on above ground facilities and associated piping both upstream and downstream in the immediate vicinity. This inspection process resulted in a labor expense of approximately \$34,200.

Sponsoring Witness: Jonathan Morphey

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21. Explain whether Delta would be able to provide financial statements that separately identify the revenues and expenses related to farm tap customers. If not, explain why not.

Response:

Delta is not able to provide historic financial statements that separately identify the revenues and expenses related to farm tap customers served from Delta's lines or Vinland's lines because Delta has not previously had a separate tariff for farm tap customers. As such, Delta has not had a business reason to separately track revenues and expenses related to farm tap customers.

All of the customers in the former PKY service territory are farm tap customers. Therefore, the historic financial statements for PKY would identify the revenues and expenses related to farm tap customers in this portion of the service territory.

Sponsoring Witness: Andrea Schroeder

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22. Refer to Delta's response to Commission Staff's Fourth Request, Item 2, page 2 of 2. Indicate where in the tariff it indicates that the following information is required to be provided to receive service: Social Security Number or Driver's License Number and photo identification.

Response:

Please see Sheet No. 19, which states that that "All applications for service shall be made in the legal name of the party desiring the service," and that Delta "shall have the right to reject for valid reasons any such application." Delta utilizes the Social Security Number or Driver's License Number and photo identification to ensure the application for service complies with the tariff. To date, Delta has not had a prospective customer fail to comply with these methods of confirming their legal identity.

Sponsoring Witness: John B. Brown and Andrea Schroeder

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23. Refer to Delta's Response to Staff's Fifth Request, Item 16a, for the instances in which a perspective customer was unable to supply the requested identification. State specifically what form of identification was accepted in lieu of the identification Delta required.

Response:

In the previous instances noted, the customer ultimately provided photo identification. As such, no alternative form of identification was required.

Sponsoring Witness: Andrea Schroeder

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24. Explain whether Delta uses customers' Social Security Number or Driver's License Number to perform credit checks.

Response:

Delta does not use customers' Social Security Number or Driver's License Number to perform credit checks.

Sponsoring Witness: Andrea Schroeder

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25. Explain whether Delta plans to continue to charge the \$25.00 farm tap turn-on fee in situations not related to service that has been disconnected for nonpayment and subsequently reconnected. If so, explain the circumstances under which the \$25.00 farm tap turn-on fee will be assessed.

Response:

Yes. Delta would assess the \$25.00 reconnection fee for reconnections arising from: (1) disconnections for violations of the tariff or Commission's regulations or (2) instances in which a customer has voluntarily disconnected service and later requests reconnection.

Sponsoring Witness: John B. Brown

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26. State whether the case expenses submitted in this proceeding include the cost of meals, travel, or witness preparation. If so, provide those amounts by category.

Response:

The rate case expenses submitted in this proceeding include \$505.23 for the cost of meals for Delta employees. Also included is \$394.93 for The Prime Group consultant for hotel, transportation and meals for his on-site participation in the settlement negotiation process. Delta did not engage a witness preparation consultant; therefore, the only expenses related to witness preparation are meetings with Delta's outside legal counsel.

Sponsoring Witness: Andrea Schroeder

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27. Refer to Delta's response to the Attorney General's First Data Request, Item 88(d). This response explains that the balance of excess accumulated deferred income taxes (ADIT) included non-rate base excess ADIT.

- a. Confirm that Delta's base period update and rebuttal testimony did not include this adjustment.
- b. Explain whether Delta has discovered any reason that the adjustment is not appropriate.

Response:

- a. Delta's base period update and rebuttal testimony were updated to reflect the removal of non-rate base excess ADIT in the amount of \$364,164 from the calculation of the 13-month average of ADIT in rate base. This amount was inadvertently included in the original filing. Please see the Attachment to AGDR 1-88, lines 21-34, Columns labeled A, B and C for support.
- b. The Company has not discovered any reason why this adjustment is not appropriate. The \$364,164 of non-rate base excess ADIT represents ADIT that was never included in rate base used in the determination of base rates. Since the ADIT (consisting primarily of ADIT related to Pension and Deferred Gas costs) that gave rise to the excess ADIT were never included in rate base, the associated excess ADIT should not be included in rate base.

Sponsoring Witness: William C. Packer

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28. Provide a reconciliation between rate base and capitalization for the revenue requirement proposed in the Joint Stipulation and Recommendation.

Response:

As shown on the attachment to the response to Item No. 5 of this Request, Projected Capitalization per the Stipulation exceeds Projected Rate Base in the Joint Stipulation and Recommendation by \$4,118,302.

Sponsoring Witness: John B. Brown and William C. Packer