

NOTICE

PLEASE TAKE NOTICE that in a May 28, 2021 Application, Delta Natural Gas Company, Inc. (“Delta”) is seeking approval by the Kentucky Public Service Commission to increase the gas service revenues by \$9,135,170 on an annual basis, which is approximately 18.6%, and for a Certificate of Public Convenience of Necessity. The proposed annual revenue increases by customer classification are: Residential - \$4,802,026 (21.1%); Small Non-Residential - \$1,354,251 (19.4%); Large Non-Residential - \$2,384,550 (20.6%); Interruptible Service – \$ -24 (0%); Transportation – On System Utilization/Special Contracts - \$117,711 (33.2%); Transportation – Off System Utilization - \$413,652 (15.3%); Farm Tap - \$63,004 (2.3%).

The proposed effective date of the rates is for service rendered on and after July 1, 2021. Delta has requested the proposed rates be implemented to all customer classifications as shown below:

Monthly Customer Charge

Classification	Present Rate	Proposed Rate	\$ Change	% Increase
*Residential	\$20.70	\$29.03	\$8.33	40.2%
Small Non-Residential	\$31.20	\$44.40	\$13.20	42.3%
Large Non-Residential	\$131.00	\$195.04	\$64.04	48.9%
Interruptible Service	\$250.00	\$267.85	\$17.85	7.1%
Transportation – Off System Utilization	N/A	N/A	N/A	N/A
*Farm Tap (Former Peoples Gas KY Territory)**	\$20.70	\$29.03	\$8.33	40.2%
*Farm Tap (all other farm tap customers)**	\$20.70	\$29.03	\$8.33	40.2%

*The present and proposed rates do not include the \$0.30 Energy Assistance Program Tariff charge and that charge will be billed as a separate line item in the future.

**Delta has proposed in its Tariff to consolidate its legacy farm tap customers, which have been served under the residential rate schedule, with the farm tap rate schedule for the former Peoples Gas KY customers. This will result in one farm tap rate classification going forward.

Consumption Charges***

Classification	Present Rate	Proposed Rate	\$ Change	% Increase
Residential	\$ 4.31850/ per 1.0 Mcf	\$5.7072/ per 1.0 Mcf	\$1.3887	32.2%
Small Non-Residential	\$ 4.31850/ per 1.0 Mcf	\$5.6931/ per 1.0 Mcf	\$1.3746	31.8%
Large Non-Residential				
1-200 Mcf	\$ 4.31850/ per 1.0 Mcf	\$5.6935/ per 1.0 Mcf	\$1.3750	31.8%
201- 1,000 Mcf	\$ 2.66960/ per 1.0 Mcf	\$3.5196/ per 1.0 Mcf	\$0.8500	31.8%
1,001- 5,000 Mcf	\$ 1.87350/ per 1.0 Mcf	\$2.4700/ per 1.0 Mcf	\$0.5965	31.8%
5,001 - 10,000 Mcf	\$ 1.47350/ per 1.0 Mcf	\$1.9427/ per 1.0 Mcf	\$0.4692	31.8%
Over 10,000 Mcf	\$ 1.27350/ per 1.0 Mcf	\$1.6790/ per 1.0 Mcf	\$0.4055	31.8%
Interruptible Service				
1-1,000 Mcf	\$ 1.60000/ per 1.0 Mcf	\$1.7143/ per 1.0 Mcf	\$0.1143	7.1%
1,001 - 5,000 Mcf	\$ 1.20000/ per 1.0 Mcf	\$1.2857/ per 1.0 Mcf	\$0.0857	7.1%
5,001 - 10,000 Mcf	\$ 0.80000/ per 1.0 Mcf	\$0.8571/ per 1.0 Mcf	\$0.0571	7.1%
Over 10,000 Mcf	\$ 0.60000/ per 1.0 Mcf	\$0.6428/ per 1.0 Mcf	\$0.0428	7.1%
Transportation – Off System Utilization	\$0.28260/ per 1,000 cu. ft. of gas transported	\$0.3259/ per 1,000 cu. ft. of gas transported or \$0.3259/ per dekatherm	\$0.0433	15.3%

	or \$0.28260/ per dekatherm			
Farm Tap (Former Peoples Gas KY Territory)**	\$4.31850/ per 1.0 Mcf	\$2.3570/per 1.0 Mcf	\$-1.9615	-45.4%
Farm Tap (all other farm tap customers)**	\$ 4.31850/ per 1.0 Mcf	\$2.3570/per 1.0 Mcf	\$-1.9615	-45.4%

***The consumption charges are exclusive of the Gas Cost Recovery rate.

**Delta has proposed in its Tariff to consolidate its legacy farm tap customers, which have been served under the residential rate schedule, with the farm tap rate schedule for the former Peoples Gas KY customers. This will result in one farm tap rate classification going forward.

The On-System Transportation Rate shall be the same as the Base Rate for Residential, Small Non-Residential, Large Non-Residential and Interruptible customers, as applicable, set forth above.

Average Monthly Bills

Classification	Monthly Average Usage	Current Average Bill	Proposed Average Bill	\$ Change	% Increase
Residential	3.8 Mcf	\$59.48	\$71.82	\$12.34	20.7%
Small Non-Residential	9.7 Mcf	\$129.44	\$153.49	\$24.05	18.6%
Large Non-Residential	69.1 Mcf	\$830.07	\$972.19	\$142.11	17.1%
Interruptible Service	3,801.0 Mcf	\$5,390.35	\$5,583.40	\$193.05	3.6%
Transportation – On System Utilization					
Residential	3.9 Mcf	\$38.81	\$51.29	\$12.48	32.1%
Small Non-Residential	14.2 Mcf	\$95.00	\$125.24	\$30.24	31.8%
Large Non-Residential	1,106.1 Mcf	\$3,346.10	\$4,411.49	\$1,065.39	31.8%
Transportation – Off System Utilization	88,455.2 Mcf	\$24,997.44	\$28,827.55	\$3,830.11	15.3%
Farm Tap (Former Peoples Gas KY Territory)	5.5 Mcf	\$59.29	\$72.54	\$13.25	22.3%
Farm Tap (all other farm tap customers)	4.5 Mcf	\$61.29	\$64.63	\$3.34	5.4%

Delta is also requesting a Certificate of Public Convenience and Necessity to construct a pipeline that will provide a second feed to the Nicholasville portion of its system.

Delta is proposing changes to the terms and conditions of its Farm Tap service. Delta is also including a \$150.00 installation fee and \$25.00 reconnection fee for its farm tap customers. In the event of a transfer of ownership, continuance of service will be permitted upon the remittance of payment of the existing account balance from the previous owner, and a \$25.00 turn-on fee may apply. Delta is also proposing to merge the Gas Cost Recovery adjustment that applies to its farm tap customers into the Gas Cost Recovery adjustment that applies to all other rate classes subject to a gas cost adjustment.

Delta is proposing revisions to its line extension tariff. Other proposed tariff modifications include minor revisions to the Pipe Replacement Program ("PRP"), resetting the PRP rate to \$0 pursuant to the current tariff, elimination of the Tax Cuts and Jobs Act Surcredit and elimination of the Energy Assistance Program Tariff charge from the customer charge.

Delta is also proposing changes to the description of Interruptible Service Character of Service to state: "Firm Service, as available. This rate schedule is designed to make available quantities of natural gas that Company may from time to time have available for sale without impairment of service to customers served under other higher priority rate schedules, and which can be supplied from Company's existing distribution system, subject to the provisions of this rate schedule. Company shall have the right to discontinue the supply of natural gas wholly or in part for such period or periods as, in the sole judgment of Company, may be necessary or advisable to enable it to supply the full gas requirements of its customers served under higher priority rate schedules. Nothing herein shall prevent Company from expanding its obligations under such other rate schedules. Company may decline to accept any additional contracts for service hereunder."

Delta has also proposed to clarify that the Transportation of Gas for Others On System Utilization Tariff is available to government or university-owned housing facilities that may be served as residential.

Delta is also proposing force majeure language that states: "Neither Company nor Customer shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts affecting the company or its supplier of gas, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension. Such causes or contingencies affecting the performance hereunder by either Company or Customer, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve either party from its obligations to make payments of amounts then due hereunder in respect of gas theretofore delivered."

This application may be examined at the offices of Delta located at 3617 Lexington Road in Winchester, Kentucky, or on the company's website at <https://www.deltagas.com>. This application may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday through Friday from 8:00 am – 4:30 pm or on the Commission's website at <http://psc.ky.gov>. Comments regarding this application may be submitted by mail to the Public Service Commission, Post Office Box 615, Frankfort KY 40602; or through its website at <http://psc.ky.gov>. The rates contained in this notice are the rates proposed by Delta but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Any person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, which establishes the grounds for the request including the status and interest of the party. If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the providing of this notice, the Public Service Commission may take final action on the application.