

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION OF)	
DELTA NATURAL GAS COMPANY, INC.)	
FOR AN ADJUSTMENT OF ITS RATES)	Case No. 2021-00185
AND A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY)	

ATTORNEY GENERAL’S POST-HEARING BRIEF

The intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“AG”), submits the following Post-Hearing Memorandum Brief in Support of the parties’ tendered settlement in the above-styled matter.

On May 28, 2021, Delta Natural Gas Company, Inc. (“Delta” or “the Company”) filed its application in the above-styled matter. On June 3, 2021, the AG moved to intervene that motion was granted on June 4, 2021. Following multiple rounds of discovery from both the AG and Commission Staff, the AG, on September 21 and September 27, 2021, filed the written direct testimony of his experts. Both Commission Staff and Delta submitted data requests to the AG on October 13, 2021, to which the AG filed responses on October 27, 2021. During October and November of 2021, the AG and Delta (jointly, “the parties”), representing diverse interests and viewpoints, conducted settlement discussions which led to a full and complete settlement of all issues in this proceeding, as memorialized in the Joint Stipulation, Settlement Agreement and Recommendation (“Stipulation”) filed on November 9, 2021 in this matter. An evidentiary hearing was held on November 16, 2021.

The AG believes that the tendered Stipulation represents the best, and most reasonable resolution of all issues in this proceeding. The AG highlights, below, some of the particular reasons why he believes the Stipulation is good for ratepayers, and why the Commission should adopt it in its entirety.

Return on Equity

The 9.30% overall return on equity (“ROE”) is markedly reduced from the Company’s original position filed in its application, which sought a 10.95% overall ROE. The parties believe the stipulated 9.30% overall ROE is justified because of the Company’s efficient management and cost containment.

Revenue Requirements

The Stipulation’s agreed-upon revenue requirement adjustments reduced Delta’s rate increase by 38.2%, from the Company’s original position of approximately \$9.135 million to the stipulated \$5.646 million. The AG believes that although the Stipulation did not adopt every revenue adjustment for which he advocated, nonetheless, a 38.2% reduction from the filed application is very significant, and warrants the Commission’s careful consideration. Under the Stipulation’s terms, residential customers of average consumption will have an increase of approximately 9.1%, which is fair, just and reasonable, especially when contrasted with the approximate 20.7% increase that would have occurred if the Company’s application had been approved in its entirety.

Monthly Customer Charge

Pending the Commission’s approval of the Stipulation, residential customers’ monthly customer charge will be reduced from the Company’s original request of \$29.03 to only \$24.00 per month, a savings of 60.4% of the requested increase to the customer charge. Given that the

Stipulation places a greater portion of the proposed rate increase on the volumetric component of the rate, residential customers will have greater incentive to conserve gas than would have occurred under the company's original proposal set forth in its application. This in turn will lead to even greater savings on residential customers' bills.

WHEREFORE, the Attorney General urges the Commission to adopt the tendered Stipulation in its entirety, as he believes it is fair, just and reasonable and in the best interests of Delta's ratepayers.

Respectfully submitted,

DANIEL CAMERON
ATTORNEY GENERAL



J. MICHAEL WEST
LAWRENCE W. COOK
ANGELA M. GOAD
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DR., STE. 200
FRANKFORT, KY 40601
(502) 696-5433
FAX: (502) 564-2698
Michael.West@ky.gov
Larry.Cook@ky.gov
Angela.Goad@ky.gov
John.Horne@ky.gov