

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:** )  
)  
**ELECTRONIC CONSIDERATION OF** )  
**THE IMPLEMENTATION OF NORTH** )  
**AMERICAN ENERGY STANDARDS** )  
**BOARD’S RECOMMENDATIONS ON** )  
**GAS AND ELECTRONIC** )  
**HARMONIZATION** )

**CASE NO. 2023-00272**

**DELTA NATURAL GAS COMPANY, INC. COMMENTS**

Delta Natural Gas Company, Inc. (“Delta”) appreciates the opportunity to provide comments related to the implementation of several recommendations of the North American Energy Standards Board (“NAESB”) concerning gas and electric harmonization that NAESB released in a report issued on July 28, 2023. Delta further welcomes the opportunity to further participate in this proceeding with interested stakeholders.

Listed below are the specific NAESB recommendations for which the Commission has requested comments, and Delta’s response to same.

Recommendation 7: State public utility commissions and applicable state authorities in states with competitive energy markets should engage with producers, marketers and intrastate pipelines to ensure that such parties’ operations are fully functioning on a 24/7 basis in preparation for and during events in which extreme weather is forecasted to cause demand to rise sharply for both electricity and natural gas, including during weekends and holidays. (States could consider the approaches adopted in FERC regulations affecting the interstate pipelines.) In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes within its authority.

Delta Comments: Delta presently operates its intrastate pipelines with the goal of ensuring its operations are fully functioning on a 24/7 basis in preparation for and during events in which extreme weather is forecasted to cause demand to rise sharply for both electricity and natural gas, including during weekends and holidays. 807 KAR 5:022, Section 2 already requires that “Each utility shall make all reasonable efforts to prevent interruptions of service and if interruptions occur, shall endeavor to reestablish service with the shortest possible delay consistent with the safety of its consumers and the general public.” The regulation also requires notification regarding outages, including steps, if any, taken to prevent reoccurrence. Given the state’s adequate regulations, Delta does not believe that additional FERC regulations are necessary to address state service delivery. Delta is supportive of FERC implementing similar measures for interstate pipelines.

Recommendation 10: State public utility commissions should encourage local distribution companies within their jurisdictions to structure incentives for the development of natural gas and electric demand-response programs in preparation for and during events in which demand is expected to rise sharply for both electricity and natural gas.

Delta Comments: Delta agrees that customer outreach, such as through bill inserts, regarding demand-response actions that can be taken for and during events in which demand is expected to rise sharply are worthwhile. Delta is unclear as to what a formal, demand-response program would consist of in this instance, but it is amenable to consider such programs. Delta believes the current regulations adequately allow for the approval of such programs.

Recommendation 11: State public utility commissions should encourage local distribution companies within their jurisdictions to provide voluntary conservation public service

announcements for residential, commercial and industrial customers in preparation for and during events in which demand is expected to rise sharply for both electricity and natural gas.

Delta Comments: As stated with respect to Recommendation 10, Delta concurs with this Recommendation and does not believe existing regulations need to be amended to accomplish same.

Recommendation 12: Joint and cross-market, long-term planning should be expanded by relevant gas and electric market parties with an increased focus on fuel adequacy. FERC should encourage this planning coordination using its oversight roles for interstate pipelines, regulated RTO/ISO interstate transmission, and Electric Reliability Organization (ERO)-related Planning Authorities and collaborate with state public utility commissions and applicable state authorities.

Delta Comments: Delta is not presently subject to FERC jurisdiction, and as a local distribution company, has no involvement with regulated RTO/ISO interstate transmission, and Electric Reliability Organization (ERO)-related Planning Authorities. Delta generally supports continued stakeholder discussions regarding the reliability issues highlighted by FERC.

Recommendation 13: The FERC, state public utility commissions, and applicable state authorities in states with competitive energy markets should consider whether market mechanisms are adequate to ensure that jurisdictional generators have the necessary arrangements for secure firm transportation and supply service and/or storage to avoid and/or mitigate natural gas supply shortfalls during extreme cold weather events, and if not, (a) determine whether non-market solutions are warranted, including funding mechanisms borne or shared by customers and (b) if warranted, adopt such non-market solutions.

Delta Comments: Overall, this is a reliability issue for LDCs. Due to its obligation to serve, LDCs like Delta develop detailed long-term supply plans to ensure that they can reliably meet the

physical demand for service on peak days both today and in the future. Acquiring and maintaining natural gas supply is an integral part of this planning process. LDCs rely on contractual agreements with suppliers as part of that process. The contract terms should not be barriers to receiving service, because supply contracts are integral to reliable service delivery. Delta is supportive of measures that would increase the reliability of interstate service delivery.

Recommendation 14: Applicable state authorities should consider the adoption of legislation or regulations or other actions to create a secondary market for unutilized intrastate natural gas pipeline capacity, including a requirement for intrastate pipelines to offer some minimum level of firm service and/or support bilateral agreements between end users. In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes within its authority.

Delta Comments: Delta presently has an obligation to make all reasonable efforts to prevent interruptions of service at the service levels identified in the existing Kentucky administrative regulations. Delta is unclear as to what a “secondary market for unutilized intrastate natural gas pipeline capacity” would consist of, but given the location of Delta’s pipelines, does not foresee a viable secondary market for its intrastate pipelines. Also, a secondary market would be heavily influenced by capacity constraints on LDCs’ systems. Delta believes this may be an issue appropriate for FERC’s consideration.

Recommendation 15: Applicable state authorities should consider establishing informational posting requirements for intrastate natural gas pipelines to enhance transparency for intrastate natural gas market participants regarding operational capacity data, similar to the reporting and posting requirements mandated by the FERC for interstate natural gas pipelines as

part of 18 CFR §284.13. In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes within its authority.

Delta Comments: Delta is supportive of additional reporting requirements surrounding force majeure declarations where feasible. While LDCs currently receive letters from suppliers regarding force majeure events, they routinely arrive days after the event and are therefore unable to provide value for real-time operations. The only real-time notifications occur in the form of pipeline reductions. If Delta does not receive notifications from its interstate suppliers until after the event, it likewise cannot issue real-time notifications for its system until after the event. Delta recommends that any reporting requirements recognize that the onus is on the interstate supplier in the first instance.

Recommendation 16: Applicable state authorities should consider the development of weatherization guidelines appropriate for their region/jurisdiction to support the protection and continued operation of natural gas production and processing and gathering system facilities during extreme weather events, and require public disclosure concerning weatherization efforts of jurisdictional entities.

Delta Comments: While there may be practical concerns related to implementation, Delta supports strategies to incent weatherization and resiliency upgrades of natural gas infrastructure, recognizing there are challenging jurisdictional questions that would need to be addressed. Delta supports legislation or economic incentives that make weatherization or resilience investment likely or otherwise mandatory, compared to strictly voluntary standards.

Recommendation 17: Many generalized recommendations for resource adequacy and accreditation and market reforms to bolster reliability were offered throughout the NAESB GEH Forum activities; we understand, however, based upon information provided by representatives

from the ISO and RTO segment, that steps are being taken within the organized markets to consider such reforms through their stakeholder processes. The GEH Forum endorses this evaluation of resource adequacy and accreditation requirements by all ISOs and RTOs and encourages the review of the Forum record.

Delta Comments: Delta supports the review and consideration of the record by the various stakeholders.

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Respectfully submitted,



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### **CERTIFICATE OF COMPLIANCE**

In accordance with 807 KAR 5:001, Section 8(7), this is to certify that Delta's November 21, 2023 electronic filing is a true and accurate copy of the documents being filed in paper medium; that the electronic filing has been transmitted to the Commission on November 21, 2023; and that there are currently no parties that the Commission has excused from participation by electronic means.



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