

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DELTA NATURAL GAS) Case No.
COMPANY, INC. FOR AN ADJUSTMENT OF GAS RATES) 2024-00346

ATTORNEY GENERAL’S SUPPLEMENTAL DATA REQUESTS

The intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention [“OAG”], hereby submits the following Supplemental Data Requests to Delta Natural Gas Company, Inc. [“Delta” or “the Company”], to be answered by the date specified in the Commission’s Orders of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer. The OAG can provide counsel for Delta with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the Company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person’s knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, request clarification directly from counsel for OAG.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the Company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify OAG as soon as possible.

(10) As used herein, the words “document” or “documents” are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers;

bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the Company, state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

RUSSELL COLEMAN
ATTORNEY GENERAL



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Certificate of Service

Pursuant to the Commission’s Order dated July 22, 2021 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the forgoing was served and filed by e-mail to the parties of record.

This 17th day of January, 2025



Assistant Attorney General

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1. Please refer to the excel file DELTA_R_PSCDR1_NUM054_120924 and specifically tab 55 p2. Provide the actual capital expenditures by plant account in the same format as is contained within this tab for the period July 2024 – December 2024.
2. Provide a complete explanation, including the rationale for the inclusion of a balance of Prepayments in Rate Base on conjunction with the results of the lead lag study. This response should indicate whether items within the prepaid balance are also included in the measurement of their corresponding expense lead day calculation. For example, if Prepaid insurance is included as a prepayment, why is it also included within the lead/lag calculation?
3. Provide a complete explanation, including the rationale for the reduction in Rate Base associated with “AP in Prepaid and CWIP.”
4. Please refer to the excel file DELTA_R_PSCDR1_NUM054_120924 and specifically tab 55 p.6 and respond to the following:
 - a. Provide support for the Meter Reading lag days of 15.21.
 - b. Provide support for the Billing lag days of 7.0.
 - c. The revenue lag days and expense lead days are identical for Sales Taxes, School Taxes and Franchise Fees, which implies that funds are remitted to taxing authorities simultaneously with receipt of funds from customers. Provide evidence in the months of July and November, 2024 that supports the implied claim that the Company remits such funds upon receipt of payment from customers.
 - d. Provide support for the Purchase Gas expense lead days of 41.76.
 - e. Provide support for the Property Tax expense lead days of 297.14.
5. Please refer to the excel file DELTA_R_PSCDR1_NUM054_120924 and specifically tab 55 p5. Provide support for the expected debt issuance costs to be incurred at 12/31/24 and 6/30/25, respectively. Provide the actual 12/31/24 costs when known.
6. Regarding forecasted regulatory costs, respond to the following:
 - a. Provide the anticipated regulatory costs by vendor/consultant.
 - b. Identify the proposed amortization period requested by the Company for recovery of regulatory costs.
 - c. Reconcile the information in part b with the pro-forma adjustment to regulatory expense included in the Company's Tab 57-D.2.2 schedule.
7. Refer to the response to OAG-DR-1-5. The response indicates the Company matches 100% of an employee's contribution up to 6%. Please respond to the following:
 - a. Identify the amount of 401k contributions made by the Company in 2024.

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- b. Indicate the effective ratio of Company 401k contributions to eligible contributions with the understanding that not all employees will contribute 6% of their wages to their 401k.
 - c. Identify and provide the support for the assumed level of Company 401k contributions in the forecast period, relative to the maximum Company 401k contribution if all employees contributed 6% of their eligible earnings to the 401k program.
 - d. Identify the number of employees: i) eligible to participate in the Company's 401k plan as of 12/31/24; and ii) the number of employees who did participate in the Company's 401k plan as of 12/31/24.
 - e. Identify the amount of eligible 401k employee contributions in 2024 versus the actual employee 401k contribution.
8. Refer to the response to OAG-DR-1-5 and specifically to the portion of the response related to the annual employer contribution of up to 3% of eligible earnings.
 - a. Identify the criteria established by the Company that determines the level of additional 401k contribution that will be made.
 - b. Provide the underlying calculations supporting the level of additional contributions made to employees' 401k plans for 2024.
 - c. What assumptions were made underlying the Company's forecasted level of 'additional contributions' included in the revenue requirement request.
 - d. Provide the level of 401k contributions included in the forecasted test period.
9. Refer to the response to OAG-DR-1-17(d) and specifically the descriptions of the Lincoln-Rockcastle County Pipeline Project and the Extensions and New Services forecasted capital expenditures and respond to the following:
 - a. Regarding the Lincoln-Rockcastle project, indicate whether the Company has forecasted customer growth associated with this capital project and if so, how such projections were made.
 - b. Provide any internal documents that exist that identify the potential revenue impact to the Company from this expansion.
 - c. If not provided in part b., identify the potential for revenue growth resulting from this investment along with the anticipated dates additional customer growth may occur.
 - d. Has Delta incorporated forecasted customer growth specific to the Extensions and New Services capital expenditures? If so, identify such growth and reconcile this growth to the forecasted costs for this function.
10. Refer to the response to Discovery request OAG 1-27. The response does not include the amount of PNG allocated costs included in the forecasted test period.
 - a. Provide the amount of forecasted PNG short-term incentive compensation costs included in i) Capital Expenditures and ii) O&M
 - b. Provide the amount of short-term PNG incentive compensation charged to construction for each respective period; 2021 – 2024, plus the forecasted test period. Provide calculations indicating how such amounts were determined.

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11. Refer to the response to Discovery Request OAG 1-46 (A) and respond to the following:
 - a. The dates for the tax depreciation reviews of PNGC and PGC are defined. However, for Delta the scope of review is “To be determined based upon review of data.” Why is the Delta review period uncertain, while the other utilities have date specific periods that will be reviewed?
 - b. Differentiate the work to be performed by EY and that of Regulated Capital Consultants (RRC). Is RRC an affiliate of EY?
 - c. Provide a copy of the study results that were to be provided to Delta in December 2024.
 - d. Does Delta believe the study results should be incorporated into the current proceeding? Provide the support for your response.

12. Refer generally to the confidential attachment entitled: “DELTA_R_AGDR1_NUM025_010325_CONF.” Provide the personal 2025 goals that will factor into the determination of Short Term Incentive Compensation for the following employees **{Begin Confidential}**:
 - a. [REDACTED]
 - b. [REDACTED]
 - c. [REDACTED]
 - d. [REDACTED] **{End Confidential}**

13. Refer to the Short-Term Incentive Compensation goals for 2024 contained in Response to OAG 1-35. Indicate whether the short-term incentive goals identified in this response, beginning on attachment page 69 apply to the 2024 PNG allocated short-term incentive compensation allocated to Delta. If not, provide the documentation identifying the metrics and methods of calculating short-term incentive compensation costs for PNG employees whose costs are allocated to Delta.

14. Provide the initial 2024 capital expenditure budget by either project, or FERC Account (whichever format is used by the Company) compared with the Company's actual 2024 capital expenditures.

15. Refer to the Response to OAG 53 (A) and respond to the following:
 - a. Provide a comprehensive description of the nature of the transactions recorded as Pipeline Exchange Gas Imbalance – Receivable.
 - b. Can the balance of Pipeline Exchange Gas Imbalance – Receivable, just as likely be negative in a given year as positive? Discuss the anticipated balance of such account in any given year.
 - c. For each of the payment items identified in OAG 1-53 (A), identify those amounts which will eventually be charged to expense. For these accounts, indicate where the corresponding expense item has been eliminated from the lead lag study.

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16. Refer to the Response to OAG-DR-1-54 (c) and respond to the following:
 - a. Indicate whether the estimated ADIT on allocated assets of \$587,000 has been included within the forecasted ADIT balance included in this rate proceeding.
 - b. Provide the underlying calculations supporting the \$587,000 estimate.
 - c. If such balance of ADIT has been included in the ADIT balance included in the forecasted test year rate base balance, provide the reconciliation of such amounts in the overall ADIT balance.
17. Refer to the Response to OAG-DR-1-61. Provide the underlying assumptions and calculations used in arriving at the qualifying Repair Deductions assumed for 2025 and the first six months of 2026.
18. Refer to OAG-DR-1-62. Confirm whether the support for the \$19,314,155 of Plant in Service was provided as indicated in the attachment to the response to OAG-DR-1-51 (a). If this is not confirmed, provide the support for the Rate Base amount of \$13,570,947 as contained in the response to OAG-DR-1-51 (a). If the above is confirmed, identify where the \$19,314,155 may be found.
19. Refer to the response to OAG-DR-1-64.
 - a. Provide a comprehensive explanation of the Company's overhead capitalization process.
 - b. Provide all supporting documentation and calculations supporting the adjustments to accounts 8400000 and 84020004.
20. Refer to the Trial Balance provided in OAG-DR-1-74 and specifically to account 2111520; Accounts Payable- Revenue Related, Budget Billing Credit Balance and respond to the following:
 - a. Has the Company's Budget Balance program been factored into the lead-lag study results? If so, provide an explanation of how this programs' results have been incorporated into the study.
 - b. If such results have not been incorporated into the study, provide the rationale for the exclusion of the transactions resulting from this program.
21. Refer to the Trial Balance provided in OAG-DR-1-74 and specifically to account 2115210, Sales Tax Payable and respond to the following:
 - a. Provide the monthly balance of this account for the calendar year 2024.
 - b. Confirm that Delta collects these amounts throughout each billing period in conjunction with its normal cash collections.
 - c. Identify the dates throughout 2024 in which Delta remitted sales tax collection to the state of Kentucky.
22. Reference the Brown Direct Testimony at 11:21 through 12:1-7, wherein he states, *inter alia*, that as an efficiency measure, Delta in 2023 closed 5 of its business offices

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and began using a “centralized contact center for customer inquiries.” Explain where the centralized contact center for customer inquiries is located.

- a. Does the Company allow customers to make payments there? If not, explain why not.
 - b. Has Delta received any customer complaints regarding any inability to make in-person payments and to address other customer service issues?
 - c. Explain if Delta is aware that some other Kentucky investor-owned utilities have contractual arrangements with other businesses to accept payments on behalf of the utility's customers. Has Delta considered any such arrangements, if the need exists?
23. Reference the Brown Direct Testimony at 12:6-7, wherein Mr. Brown states “Delta has also shifted certain billing, remittance, credit, and collection tasks to a centralized center.” Explain if this is the same center referenced in the Brown testimony at 12:5. Explain also the types of billing, remittance, credit, and collection tasks that have been shifted to the billing center referenced in lines 6-7.
24. Reference the Morphew Direct Testimony at p. 11. Provide a detailed discussion of the steps and measures the Company follows, and the notices it provides to customers prior to disconnecting their service for non-payment. Include in your discussion: (i) how much advance notice is provided prior to disconnection; and (ii) whether the steps and measures taken, and the notices issued are any different for those customers whose service is disconnected via the ERT module integrated into the Intelis 250 meters.
- a. Will remote disconnect shut off 100% of the gas flow, so as to preclude a slow leak situation?
 - b. Explain what indications the Company will receive verifying that the flow of gas has in fact stopped.
 - c. Confirm that Delta field representatives will continue to perform all reconnects in person on the customer premises.
25. Provide the names and contact information for the individuals in the Company who respond to customer complaints forwarded and handled by the OAG.
- a. Provide the total number of complaints the OAG has forwarded to Delta over the past two (2) years.
 - b. Explain the Company's retention policy for customer complaints, including those forwarded by the OAG.
 - c. Regarding complaints forwarded by the OAG, provide the number of responses the Company returned to the OAG over that same time frame.