

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 INITIAL DATA REQUESTS

The intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention [“OAG”], hereby submits the following Initial 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 December, 2024



Assistant Attorney General

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Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

1. Explain any differences between the formats of the bills sent to People's Gas customers, and those sent to traditional Delta Gas customers.
 - a. Include in your response an exemplar of a bill sent to People's Gas customers in Kentucky, and an exemplar of a bill sent to Delta Gas customers.
 - b. Reference also Tab 2 of Delta's Application, Tariff sheet P.S.C. No. 14, Original Sheet No. 2, Superseding P.S.C. No. 13, "Classification of Service – Rate Schedules Residential," the reference to the "Monthly Surcharge" at the bottom of that page. Explain in full the reason(s) for this surcharge.
 - (i) Include in your response any communications / explanations from the Company to its Kentucky customers regarding the reason for this Surcharge.
 - (ii) Explain whether both Delta and People's customers in Kentucky are billed for the Surcharge, and if there are any differences between the amount of the Surcharge for Delta as opposed to People's customers in Kentucky.
 - (iii) Include in your response an explanation of whether any People's Gas customers in Kentucky have expressed confusion or misunderstandings regarding billing since Delta's acquisition of People's Gas was finalized.
2. Identify the entity(ies) that own People's Gas, and explain also Delta's relationship to People's Gas.
3. Does the Company accept Winter Hardship Reconnection requests from both Delta Gas and People's Gas customers? If not, explain fully why not. If so, explain any and all differences between how the Company processes requests from Delta customers, and those requested from People's Gas customers.
 - a. Can the Company certify that all winter hardship reconnection requests are made in compliance with 807 KAR 5:006 § 16, and that is true for both Delta customers and People's Gas customers?
 - b. Can the Company certify that farm tap customers who obtain the necessary certification are eligible for the energy assistance program under this regulation?
4. Provide the sum Delta pays for American Gas Association dues. Provide also the amount of these dues included for recovery in the fully forecasted test year.
5. Explain whether Delta makes any matching contributions to the Company's 401 K plan. If so, explain how many employees participate in both the Company's defined benefit pension plan, and the 401 K plan, and provide the amount of the Company's matching benefit to 401 K Plan.

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

6. Explain how many physical office locations Delta has. Discuss whether Delta's call center has been able to adequately provide service to its customers given the closure of office locations. Include in your response how the Company communicates the phone number for its call center to its customer base.
7. Provide all work papers and supporting documentation used by Mr. Moul in the preparation of his Direct Testimony and Attachments. Provide Attachments PRM-1 through PRM-15 in spreadsheet format with cell formulas intact. Include all source data and documents relied upon in these attachments.
8. Refer to Attachment PRM-1. Provide the bases for the pre-tax coverage of interest expense numbers. Provide the supporting documentation and spreadsheets showing how these numbers were calculated with cell formulas intact.
9. Refer to Attachment PRM-5.
 - a. Explain why short-term debt capital was removed from the test period 2026 capital structure.
 - b. Provide the cost rate for short-term debt capital for the 13-month periods ending August 31 and December 31, 2024. Provide supporting work papers and documentation, including spreadsheets with cell formulas intact.
 - c. Provide Delta's historical 13-month average capital structures for the years 2018 through 2023. Provide the historical cost rates for long-term and short-term debt and the earned returns on common equity for each historical year. Provide the supporting spreadsheet calculations with cell formulas intact.
10. Provide any information in Mr. Moul's or Delta's possession on state Commission-allowed returns on equity from January 2023 through the most recent month in 2024. Identify whether the allowed returns were based on litigated rate cases and/or settlements.
11. Refer to Attachment PRM-10.
 - a. To Mr. Moul's knowledge, has his financial risk adjustment ever been accepted in other rate proceedings? If so, provide the docket number, the jurisdiction, and a copy of all Orders accepting Mr. Moul's financial risk adjustment.
 - b. Provide the basis for the Hamada calculations, including copies of articles or text support that show the formula used by Mr. Moul and its derivation.

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

- c. Provide the basis for the M&M calculations, including copies of articles or text support that show the formula used by Mr. Moul and its derivation.
12. Refer to page 26, line 20 through page 27, line 6 of Mr. Moul's Direct Testimony.
 - a. Provide support for Mr. Moul's statement that a "leverage adjustment properly accounts for the risk differential between market-value and book-value capital structures." Provide copies of any articles, studies, textbook excerpts, or other documentary support.
 - b. Provide support that a leverage adjustment "must" be made to the DCF in a utility regulatory context. Provide copies of any articles, studies, textbook excerpts, Commission orders, or other documentary support.
13. Refer to page 27, lines 20 through 22 of Mr. Moul's Direct Testimony. Provide support for Mr. Moul's statement that the leverage adjustment uses "well recognized analytical procedures that are widely accepted in the financial literature." Provide copies of any articles, studies, textbook excerpts, or other documentary support.
14. Provide the underlying spreadsheets for Delta's response to data request No. 22, Staff's First Set. Provide the spreadsheet with cell formulas intact.
15. Provide the underlying spreadsheets for Delta's response to data request No. 23, Staff's First Set. Provide the spreadsheet with cell formulas intact.
16. Please refer to Attachment PRM-9, page 1 of 1. Please provide updated IBES/First Call growth estimates for the companies in the proxy group.
17. Refer to the Capital Budget information provided in Section 16(7)(b) of the filing requirement. Within the "IT and Other" category, respond to the following:
 - a. Identify any portion of these capital expenditures which represent an allocation from an affiliate, by year.
 - b. If any portion of these costs represent an allocation from an affiliate, provide a comprehensive explanation of the nature of the asset, the benefits derived from the asset and how the costs were allocated to Delta's Kentucky jurisdiction.
 - c. Provide a breakdown by year of the IT and Other forecast by project.
 - d. For any "IT and Other" project with a forecasted cost greater than \$500,000 through the June 30, 2026 forecast period, provide the source document that was used to approve the budgeted project. This document should include a description of the proposed project, the need for the expenditure and the benefits to be derived.

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

18. Refer to the Productivities and Efficiencies section of Mr. Brown's testimony found on pages 10-12. For each of the items referenced below, provide supporting documentation and evidence indicating how efficiency was incorporated into the proposed revenue requirement. Further, identify the assumptions that were used to estimate the efficiency gains.
- a. E-Account portal – which presumably results in call center savings
 - b. Computer and Infrastructure communications upgrades
 - c. Bring Your Own Device policy
 - d. Data Migration Project
 - e. Closed Business Offices
 - f. Centralized call center operation shared with Peoples
 - g. Shifting customer-related billing, remittance, credit and collection tasks to a centralized center.
 - h. Adding additional contractor for construction services.
 - i. Integration of PKY operations and dissolving PKY as a legal entity.
 - j. Access to national fleet pricing
 - k. Transition to 4-cylinder trucks.
19. Refer to the Capital Budget information provided in Section 16(7)(b) of the filing requirement. Provide an itemization of the forecasted construction costs split into the following components for each of the identified periods for each of the three listed categories:
- a. Third-Party labor
 - b. Internal Union Labor – Straight Time
 - c. Internal Union Labor – Overtime
 - d. Internal Labor – all other costs, inclusive of benefits and taxes
 - e. Internal Non-Labor costs
 - f. Internal Non-Labor overhead costs such as benefits and taxes
 - g. Overhead Loading costs added to construction
 - h. Construction Materials such as piping
 - i. Other
20. Is the Company agreeable to terminate the application of Allowance for Funds Used During Construction (AFUDC) on all plant projects which are included in Rate Base in this proceeding at the date new base rates become effective, regardless of the status of construction? If the Company is not agreeable to this provision, explain how the ongoing application of AFUDC to projects whose costs are included in Rate Base will not result in excessive Rate Base.

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

21. Refer to the information provided in tabs 30 and 31 of the Filing Requirements regarding the labor costs included within the filing and provide the following information:
 - a. Provide an updated forecast for 2024, including actual wages through November 2024, plus including the original forecasted December amount.
 - b. For 2024, provide the labor distribution of actual costs incurred through November by FERC Account.
 - c. For calendar year 2025 and the twelve months ended June 30, 2026, respectively, provide the distribution of wage costs further identified by FERC Account. For the data provided for the twelve months ended June 30, 2026, the amounts should be those incorporated into the proposed revenue requirement.
22. Provide the distribution of wages by FERC account, by year, for the period 2021 – 2023.
23. Provide the actual amount of overtime wages 1) by year for the period 2021 – 2023, 2) the base period and 3) the Forecast period.
24. Please confirm that the total wages identified for each year within tab 31 of the filing requirements contained within Section 16(7)(h)(10) represent those wages exclusive to Delta Natural Gas (Delta) and do not include any allocated wages from either People's Natural Gas Company (People's) or Essential Utilities (Essential). If this is not confirmed, identify the total wages exclusive to Delta included within each of the annual values reflected within this table.
25. Provide an itemized listing of position titles that correspond to the employee wages included in the proposed forecasted test period. This listing should identify the following information for each position:
 - a. Title of the position,
 - b. The status of the position, whether it represents an active employee or a vacant position as of November 30, 2024.
 - c. the wages associated with the position, further split between regular time and any overtime,
 - d. short-term incentive compensation by position
 - e. long-term incentive compensation by position.
 - f. Identify any other type of compensation included in total employee compensation.

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

The total of items c-f for all positions should reconcile to the total wages included in the revenue requirement.

26. Identify the amount of short-term compensation associated with Delta employees incurred for each of the following periods: i) 2021, ii) 2022, iii) 2023, iv) year to date 2024 through November, and v) included in the forecasted test period. For each period above, identify the portion of costs charged to O&M and that portion capitalized to construction projects.
27. Identify the amount of short-term compensation associated with PNG employees whose costs were allocated to Delta for each of the following periods: i) 2021, ii) 2022, iii) 2023, iv) year-to-date 2024 through November, and v) included in the forecasted test period. For each period above, identify the portion of costs charged to O&M and that portion capitalized to construction projects.
28. Identify the amount of short-term compensation associated with Essential employees whose costs were allocated to Delta for each of the following periods: i) 2021, ii) 2022, iii) 2023, iv) year-to-date 2024 through November, and v) included in the forecasted test period. For each period above, identify the portion of costs charged to O&M and that portion capitalized to construction projects.
29. Identify the amount of long-term compensation associated with Delta employees incurred for each of the following periods: i) 2021, ii) 2022, iii) 2023, iv) year to date 2024 through November, and v) included in the forecasted test period. For each period above, identify the portion of costs charged to O&M and that portion capitalized to construction projects.
30. Identify the amount of long-term compensation associated with PNG employees whose costs were allocated to Delta for each of the following periods: i) 2021, ii) 2022, iii) 2023, iv) year-to-date 2024 through November, and v) included in the forecasted test period. For each period above, identify the portion of costs charged to O&M and that portion capitalized to construction projects.
31. Identify the amount of long-term compensation associated with Essential employees whose costs were allocated to Delta for each of the following periods: i) 2021, ii) 2022, iii) 2023, iv) year-to-date 2024 through November, and v) included in the forecasted test period. For each period above, identify the portion of costs charged to O&M and that portion capitalized to construction projects.
32. Provide a copy of Delta's annual reports submitted to the Pipeline and Hazardous Materials Safety Administration for 2021 – 2023. If Delta does not submit a yearly

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

PHMSA report exclusive to Kentucky operations, please provide any parent company reports submitted to PHMSA that include Delta's results.

33. If Delta does not submit an annual PHMSA report, provide the following information by year for the period 2021 – 2023:
 - a. Number of pipeline leaks by grade
 - b. Miles of pipe by vintage, further segregated by pipe type.
34. Refer to page 10 of the testimony of Delta witness Brown. For each of the five budget inputs identified in his testimony: 1) Capital, 2) Expense, 3) Revenue, 4) Financing and Interest Requirements, and 5) Depreciation, provide the approved 2023 budget inputs. Also provide all internal documentation within the Company that compares the approved 2023 budgets with actual 2023 results, including commentary reconciling 2023 actual vs budget results.
35. Provide a copy of all internal documents maintained by the Company that describe the: i) short-term incentive compensation program; and ii) long-term incentive program.
36. Refer to the excel spreadsheet identified as PSC-FR-Tab 44 December 2023. Provide all documents in the Company's possession which explain the variances between 2023 budget versus actual results.
37. Refer to the excel spreadsheet identified as PSC-FR-Tab 44 September 2024. Provide all documents in the Company's possession which explain the variances between September 2024 year-to-date budget versus actual results.
38. Provide monthly updates to PSC-FR-Tab 44 as completed financial results become available.
39. Provide the annual capital expenditures placed in service by FERC account for the annual period 2021 – 2023.
40. Provide the budgeted proforma forecasted test period capital expenditures included in Rate Base by FERC Account.
41. Provide the annual amount of federal income tax payments made by Essential Utilities pertaining to the accounting periods 2018 – 2023.
42. Identify the annual amount of current tax expense recorded on the books of Essential Utilities pertaining to the accounting periods 2018 – 2023.

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

43. Refer to page 500 of 1265 within Tab 46 of Delta's application, specifically footnote 7 to the 2023 Form 10k of Essential Utilities and respond to the following:
- a. Confirm that for purposes of reporting Federal Income Tax Expense in its 10k Essential Utilities uses the flow-through methodology for the recognition of the Repair Deduction. If this is not confirmed, explain this response in light of the \$117,370,000 decrease in Federal Tax Expense identified within the table on this page.
 - b. Confirm that for purposes of establishing rates in Pennsylvania, Delta's affiliates flow-through the benefits of the Repair Deduction rather than normalized such benefits. If this is not confirmed, please explain this response in light of statements made on page 501 of 1265 within Tab 46.
 - c. Confirm that Delta is proposing to use the normalization method for recognition of the Repair Deduction in computing Income Tax Expense included in this proceeding. If this is not confirmed, please identify the schedule in which Delta is proposing to flow-through the benefits of the Repair Deduction.
 - d. Provide the rationale for applying the flow-through method of computing income tax expense in Essential's larger Pennsylvania jurisdiction, while proposing to use the normalization method in this proceeding.
44. Please confirm that IRS regulations allow the flow-through methodology to be applied for the Cost of Removal and the Repair Deductions in computing Income Tax Expense for ratemaking purposes. If this is not confirmed, provide the source for the conclusion that either (or both) of the deductions identified above are required to be normalized for ratemaking purposes.
45. Is Delta seeking rate base recognition of any Net Operating Losses in its forecasted Proforma test period? If so, provide the following:
- a. the underlying calculations supporting the December 2023 balance of the Net Operating Loss Asset; and
 - b. a list of all assumptions used to project the Net Operating Loss balance in the forecasted proforma test period.
46. Please refer to pages 8-10 of Mr. Azeez Odusanya's testimony regarding the proposal to establish a regulatory asset for tax consulting costs and respond to the following:
- a. Provide a copy of the contract entered into between PNG and Ernst and Young Regulated Capital.

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

- b. Provide all internal documentation estimating the potential benefits from a more aggressive approach to identify capital expenditures that qualify for the Repair Deduction.
 - c. Provide all documentation received from Ernst and Young estimating the potential benefits from a more aggressive approach to identify capital expenditures that qualify for the Repair Deduction.
 - d. Provide the underlying calculations that support an allocation of \$162,900 to Delta associated with this joint PNG/Delta study.
 - e. Confirm that Revenue Procedure 2023-15 permits the amendment of previously filed tax returns to reflect retroactive changes in the Repair Deduction.
 - f. Provide a comprehensive explanation and supporting documentation for any projections of an increased Repair Deduction associated with the study identified by Mr. Azeez Odusanya that were incorporated into the forecasted Proforma test period.
47. Please refer to pages 8-10 of Mr. Azeez Odusanya's testimony regarding the proposal to establish a regulatory asset for tax consulting costs and respond to the following:
- a. Identify the anticipated completion date of the Ernst and Young tax study.
 - b. Identify the annual Repair Deduction associated with Delta assets taken on any affiliates' tax return for the period 2019 – 2023.
48. Identify and provide supporting calculations for the Cost of Removal component of Depreciation Expense included within the forecasted pro-forma test year.
49. Refer to Tab 57 D-2.1 within the file FPFYTY O&M Delta_R_PSC DR 1_Num 054 and provide the following:
- a. the supporting calculations for all amounts within the "Billing Determinants" column. Provide this response in Excel format with cell references intact; and
 - b. the supporting calculations for all amounts identified within the Temperature Adjustment for Months without a WNA" column. This response should comprehensively explain why such an adjustment is appropriate for months outside of the WNA mechanism. Provide this response in excel format with cell references intact.
50. Refer to Section 16 (8)(e) of the minimum filing requirements and provide the following information:

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

- a. all underlying documentation and calculations supporting the Excess of Tax Accelerated over Book Depreciation; and
 - b. Confirm that no deferred taxes are associated with book/tax timing differences associated with the Repair Deduction. If this is not confirmed, identify where the Repair Deduction is reflected as a book/tax timing difference within these schedules.
51. Refer to the response to Staff Request 1-54 and specifically the forecasted amount of revenue estimated to be recovered from the Pipeline Replacement Program (PRP) (\$1,370,892).
- a. Provide all supporting documentation underlying this forecast.
 - b. Identify the amount of PRP revenue recorded in 2023.
 - c. Identify the amount of PRP revenue recorded in 2024 through November.
52. Refer to the Excel worksheet provided in response to Staff Discovery Request 1-54, Tab 51 and respond to the following:
- a. Customer Services costs allocated on the basis of customers has increased dramatically since 2021. Provide a comprehensive explanation of why such costs have increased at this rate for the period 2021 – the forecasted pro-forma test year.
 - b. Provide the underlying support for the allocation of Customer Services costs to Delta for the periods 2021 – the forecasted pro-forma test year.
53. Refer to the excel worksheet provided in response to Staff Discovery Request 1-54, Tab 55 and respond to the following questions:
- a. Refer to the \$340,448 in Prepayments include in Rate Base. Identify the prepayments by type of prepayment and document that the related expense associated with these prepayments is excluded from the Expense lead calculation of Cash Working Capital.
 - b. Confirm that the Unamortized Debt costs have not been incorporated into the cost of debt calculation.
 - c. Provide any prior Kentucky regulatory precedents the Company is relying upon to include the balance of Unamortized Debt costs in Rate Base.
 - d. Did the Company incur any cash outlay in obtaining the debt included in the proposed capital structure? If so, provide documentation of such payments.
54. To the extent the requested Rate Base contains any actual and/or forecasted plant in service allocated to Delta from an affiliate, provide the following information:

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

- a. A description of the nature of the allocated plant in service, including how such asset is necessary to provide service to Delta's customers. Also provide the allocated amount of such asset costs and the account where such costs are reflected in this application.
 - b. For each allocated item, identify how the asset is also used by any affiliate of Delta and the methodology used to allocate the joint asset costs between affiliates.
 - c. For each identified asset in part a, identify the amount of Accumulated Deferred Income Taxes (ADIT) allocated to Delta.
55. Regarding Supplemental Executive Retirement Program (SERP) costs, respond to the following:
- a. Identify the amount of SERP costs included in the forecasted pro-forma test year revenue requirement.
 - b. Provide the rationale for recovery of these costs within the revenue requirement.
 - c. Identify any case numbers that Delta knows in which the Kentucky Public Service Commission approved the recovery of SERP costs.
56. Provide a comprehensive listing of employee benefits and the associated expense included in the forecasted pro forma test year.
57. Provide a copy of the most recently available actuarial reports that support Delta's 2023 pension expense.
58. Provide a comprehensive listing of the assumptions used to project pension expense included in the forecasted pro-forma test year.
59. Refer to Tab 55, page 13, within the public version of file Delta PSCDR1_NUM054_120924. Explain the nature of the tax-timing difference identified as "PT-FED RSG Amort" in the amount of \$2,987,621. Further, provide supporting documentation for the balance as reflected on page 13 for the forecasted pro-forma test year.
60. Refer to Tab 55, page 13, within the public version of file Delta PSCDR1_NUM054_120924. Provide the supporting documentation for the forecasted Net Operating Loss-Fed (\$1,113,547) and Net Operating Loss-KY (\$145,210). Confirm whether such balances were based upon data that was

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

consistent with the data used to forecast the forecasted pro-forma test year balance of ADIT of \$39,546,159.

61. Refer to Tab 55, page 13, within the public version of file Delta PSCDR1_NUM054_120924. Provide the following information regarding PT-Fed Repairs-Norm and PT-KY Repairs-Norm:
 - a. the underlying support for the two balances; \$11,643,617 and \$2,190,109, respectively.
 - b. Reconcile the forecasted pro-forma test year balances with the balances as of August 2024 contained in Tab 55 page 12.
 - c. In supporting Schedules included in Case No. 2024-00332, specifically Schedule II 2023 year 1, the Company reflects 100% of its Distribution Mains, Transmission Mains, and Services as eligible for 100% Tax Expensing. Demonstrate whether the Company applied 100% tax expensing to Mains and Services to calculate its forecasted pro-forma test year ADIT balance in a manner consistent with its calculation of such costs in its PRP filing.
62. The Company's tariff, supplied in Tab 04_112524, page 47 of 50, indicates that the PRP Rider Revenue Requirement includes PRP-related plant in service, accumulated depreciation and accumulated deferred income taxes that are not included in base gas rates. Identify the portion of plant in service that will not be included in base gas rates on the date that new base rates become effective in this case.
63. Identify the labor capitalization rate for Delta labor for 2023, 2024 year to date, 2025 budget, and the 2026 forecasted pro-forma test year.
64. Refer to the file "FPFTY O&M Delta_R_PSCDR1_NUM054_120924 Tab 57 and specifically Schedule D-2.2 and respond to the following:
 - a. Provide all underlying calculations and assumptions supporting the \$1,107,106 increase in accounts 840000 and 84002004.
 - b. Provide a comprehensive explanation of the Company's accounting process for capitalizing construction overheads.
 - c. Provide the underlying calculations supporting the Company's base period charges to these two accounts.
65. Refer to the file "FPFTY O&M Delta_R_PSCDR1_NUM054_120924 Tab 57 and specifically Schedule D-2.2 and respond to the following:

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

- a. There was a \$5.8 million credit balance in account 5399065 in the base period. Identify the amount and account distribution of underlying expenses in the base period that relates to the customer expense reimbursement. Further, indicate the amount of such customer incurred costs reflected in the Company's 2025 budget.
 - b. Describe the nature of the transactions giving rise to the credit balance of \$1,292,939 in the base period as well as an explanation supporting a 2025 Budget balance of zero.
66. Refer to the file "FPFTY O&M Delta_R_PSCDR1_NUM054_120924 Tab 57 and specifically Schedule D-2.2 and respond to the following related to the forecasted pro-forma test year charges to account 5301010, Employee Benefits Medical:
- a. Provide a comprehensive explanation for the significant increase in forecasted medical costs, including discussing the efforts to minimize such costs.
 - b. Compare the medical insurance premiums incurred by employees in 2024 versus those assumed in the forecasted pro-forma test year.
 - c. Provide all supporting documentation supporting the forecasted pro-forma test year medical costs.
67. Refer to the file "FPFTY O&M Delta_R_PSCDR1_NUM054_120924 Tab 57 and specifically Schedule D-2.2. Provide an explanation of the nature of transactions recorded to the following accounts:
- a. 59988899 SVC Only-Assoc Co Oper Ex-Miscellaneous
 - b. 53999999 Capitalized Other-Proj Settmnt Use Only
 - c. 8203000 Planned Proj Labor
 - d. 8402004 Proj G&A Surcharge
 - e. 8402014 Construction
 - f. 8600000 Planned Benefits
68. Identify any orders of the Kentucky Public Service Commission that the Company is aware of which permits recovery of: a) Short-Term and b) Long-Term incentive compensation.
69. Provide a copy of the Delta Accounting Manual or other documentation that defines each account in Tab 57 D-2.2.
70. For any Delta employee or Delta affiliate employee whose costs are charged to Delta and who directly interacts with state or federal elected officials, provide the following:

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

- a. Provide a copy of the employee's job description.
 - b. Provide the employee's total compensation included in the forecasted pro-forma test year costs, further split between direct labor costs and employee benefits by type.
 - c. Identify the portion, if any, that was charged to lobbying.
71. For any Delta employee or Delta affiliate employee whose costs are charged to Delta and who oversees the activities of external lobbyists, and/or is involved in any way in the development of messaging and/or strategic communications with state or federal elected officials, provide the following:
- a. Provide a copy of the employee's job description.
 - b. Provide the employee's total compensation included in the forecasted pro-forma test year costs, further split between direct labor costs and employee benefits by type.
 - c. Identify the portion, if any, of the employee's costs charged to lobbying.
72. Provide a comprehensive discussion identifying the process Delta intends to use to identify future PRP-qualifying investments, given the projects forecasted to be included in base rates in this proceeding. Discuss the Company's steps to ensure such projects are not double-counted.
73. Regarding the forecasted balance of excess accumulated deferred income taxes (EADIT) – (both state and federal), provide the individual book/tax timing differences further identified as protected or unprotected that correspond to the EADIT balance included in this filing.
74. Provide the Delta Trial Balance as of November 30, 2024.
75. Indicate whether the Company's balance of Tax Collections are recognized as a rate base reduction, either within Working Capital or the Cash Working Capital calculation.
76. Refer to the file Delta_R_PSCDR1_NUM054_120924_Tab 23. Identify any components of Account 254, Other Regulatory Liabilities other than EADIT. For these non-EADIT balances, provide the description and balance of the subaccount and indicate whether such balances are included within the proposed revenue requirement.
77. Refer to the file Delta_R_PSCDR1_NUM054_120924_Tab 23. Identify the components and associated amounts of Account 253, Other Deferred Credits.

Electronic Application of Delta Natural Gas Co.
for an Adjustment of Gas Rates
Case No. 2024-00346
Attorney General's Initial Data Requests

Further, indicate whether such subaccounts are incorporated into the proposed revenue requirement.

78. Describe the accounting convention used to price gas in storage (i.e. LIFO, FIFO, wtd average cost, etc.). Provide a listing of assumptions used to forecast gas in storage values.
79. Provide a list of rate case costs incurred to date by vendor, which should sum to the total rate case costs. Please update this response monthly as new billings become available.
80. Refer to the public portion of Delta_R_PSCDR1_NUM054_120924_Tab 60. Identify the following regarding the time and costs associated with the President of Delta.
 - a. Provide a copy of the job description for the position.
 - b. Identify any portion of the President's annual compensation, if any, assigned to either non-regulated operations of Delta or affiliates of Delta.
81. Provide a summary of any non-regulated business activities of Delta.
82. Confirm that the Company has not incorporated any late fee implications of the pending rate increase within the gross-up factor within the file Delta_R_PSCDR1_NUM054_120924_Tab 61. Explain why it would not be appropriate to incorporate a late fee component of the gross-up factor.
83. Provide an itemization of 'Other Operating Revenues' as reflected within the file Delta_R_PSCDR1_NUM054_120924_Tab 62.