

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**APPLICATION OF DELTA NATURAL
GAS COMPANY, INC. FOR APPROVAL
OF AN ECONOMIC DEVELOPMENT
EXTENSION AND REGULATORY ASSET**

CASE NO. 2026-00123

APPLICATION

Pursuant to the Commission's May 24, 2020 Order in Case No. 2020-00001, Delta Natural Gas Company, Inc. ("Delta"), by counsel, requests approval of an economic development extension and regulatory asset for a project in Rowan County that will continue the development of the MMRC Regional Industrial Park. In support of this Application, Delta states as follows:

1. The full name and mailing address of Delta are Delta Natural Gas Company, Inc., 3617 Lexington Road, Winchester, Kentucky 40391. Delta's electronic mail address is ratereg@deltagas.com. Delta is a Kentucky corporation that was incorporated on October 7, 1949. Delta is currently in good standing under the laws of Kentucky.

2. In Case No. 2020-00001, the Commission approved a pilot program for economic development extensions, which are extensions of service in the ordinary course of business related to potential economic development projects for local distribution companies such as Delta. The Commission's May 24, 2020 Order establishes the procedures for filing this application.

3. This is Delta's second request pursuant to the pilot program. In the first request, which was made in Case No. 2020-00406, the Commission approved an economic development extension and regulatory asset for the construction of a new interstate tap in Lincoln County and

an extension of approximately 1.2 miles of steel pipeline to connect the interstate tap to the Lincoln County Industrial Park. Delta has completed the interstate tap and extension and has been serving customers in the Lincoln County Industrial Park since December 2022.

4. In its second application pursuant to the pilot program, Delta requests approval of an economic development extension and regulatory asset for an economic development project in Rowan County, Kentucky related to the MMRC Regional Industrial Park. The MMRC Regional Industrial Park was established in 1996 following legislation by the Kentucky General Assembly.

5. Delta extended a 4-inch coated steel pipeline from its Farmers Purchase Station on the Kinder Morgan interstate pipeline in a northerly direction crossing Interstate 64 and paralleling Kentucky Highway 801 to the entrance of the MMRC Regional Industrial Park. The 4-inch steel line was then extended into the park and is serving various industrial and commercial structures.

6. Since Delta extended its system to the MMRC Regional Industrial Park, there has been considerable demand for gas service. Delta has taken several steps to increase its capacity to serve the area. Delta replaced its meter station at the Farmers Purchase Station, which allowed Delta to flow more gas off the interstate tap. The station is now at its peak volume pursuant to Kinder Morgan's guidelines. Delta also updated the 4" steel pipeline from the purchase station to the MMRC Regional Industrial Park, which allowed for increased pressure and volumes. Although these efforts have allowed Delta to serve additional load in the area, Delta is now at the point of lacking sufficient capacity to add additional meaningful load at the industrial park. Last fall, the Morehead Rowan County Industrial Development Authority contacted Delta to ask whether Delta could serve a potential industrial customer that was considering selecting Morehead for its

operations. Delta explained that, at present, it cannot because its current station near the industrial park lacks capacity.

7. Given the continued growth in the park and Morehead Rowan County Industrial Development Authority's efforts to attract further economic development in the region, Delta began analyzing options to increase its gas supply in the area. Delta has determined that the most prudent option is to obtain a new interstate tap and connection to the Kinder Morgan interstate pipeline, on the last lot inside the park and extend approximately 1,800 feet of 8-inch steel to connect into the existing steel line servicing the MMRC Regional Industrial Park. A map showing the proposed interstate tap location and distribution line is attached as Exhibit I.

8. The proposed construction will provide several important operational benefits. First, Delta will access a different interstate pipeline than the existing tap at the industrial park. This provides a second source of supply that will increase reliability in the area. Second, by constructing the tap at the other end of the park than the existing tap, Delta will be able to supply the growing demand more efficiently.

9. This is a significant opportunity to expand upon the economic growth in the Morehead area. Attached as Exhibit II is a letter from the Kentucky Cabinet for Economic Development certifying that the economic development site is "Shovel Ready" but for the lack of natural gas service. Attached as Exhibit III are two letters from Jason Slone, Executive Director of the MMRC Regional Industrial Authority stating the Authority's strong support for this Application.

10. With regard to the interstate tap, Delta estimates the costs of the project engineering, right-of-way acquisition, tap, and purchase station, will be \$4.9 million. The cost of

constructing the 1,800 square foot of steel line to connect into Delta's system is anticipated to be \$270,000.

11. Delta requests approval of this economic development extension project totaling a cost of \$5,170,000, as well as for approval of authority to create a regulatory asset in order to defer property taxes related to the capital investment, including the costs of land, until the effective date of new base rates in its next natural gas base rate case. The anticipated comprises 2.93% of Delta's \$ 176,409,355 total net property, plant, and equipment as of December 31, 2025.

12. In accordance with the Commission's May 24, 2020 Order, if approved, Delta will keep records of the project in sufficient detail to determine the original cost, net of any contributions in aid of construction, so that Delta can be permitted to include the net investment in rate base no earlier than when a customer has contracted for and is receiving gas service from the development extension.

13. A copy of this application will be provided to the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention.

WHEREFORE, Delta respectfully requests the Commission approve the economic development extension project as described herein.

Dated May 12, 2026

Respectfully submitted,

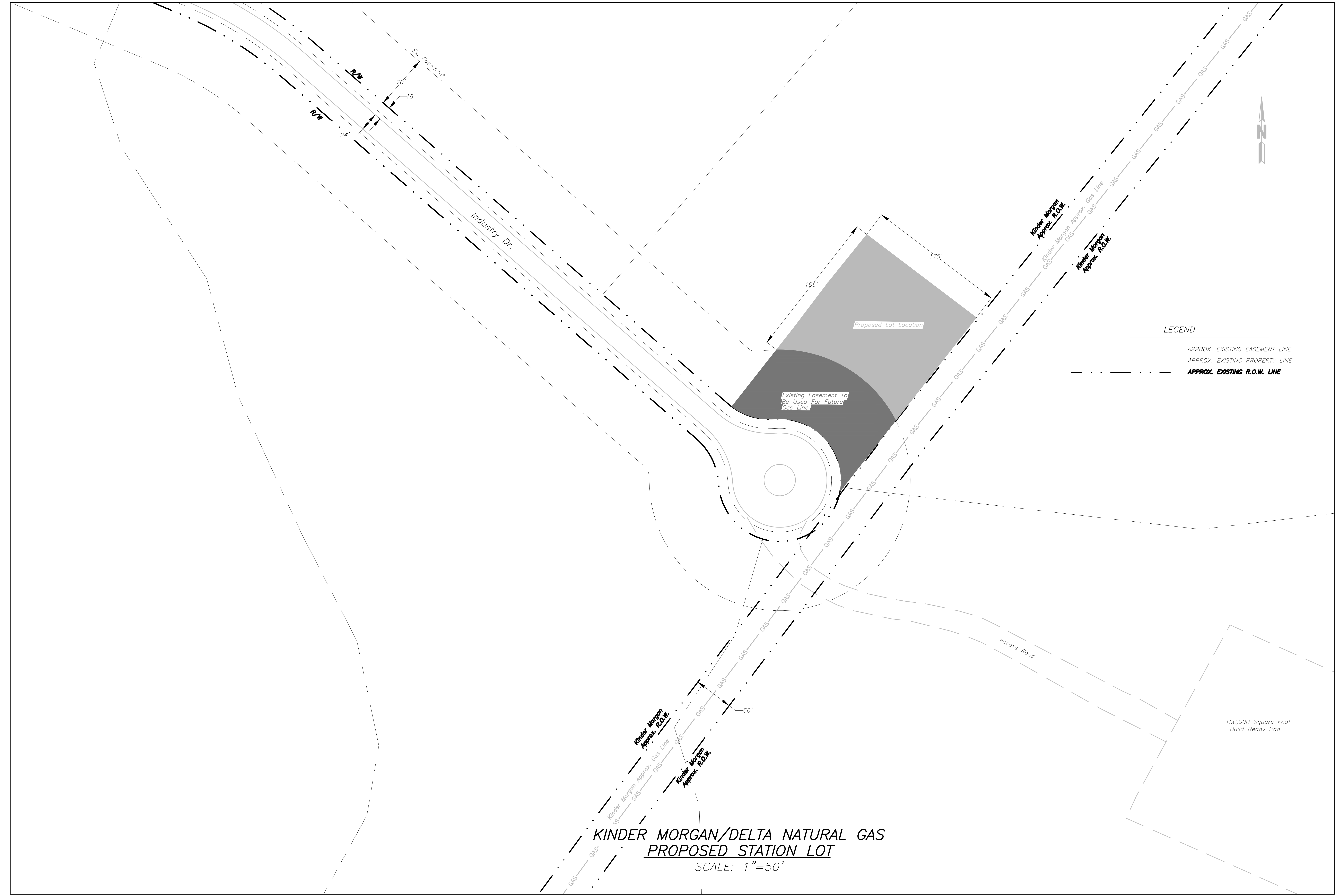
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s/Monica H. Braun
Counsel for Delta Natural Gas Company,
Inc.

CERTIFICATE OF COMPLIANCE

In accordance with 807 KAR 5:001, Section 8(7), this is to certify that Delta's May 12, 2026 electronic filing has been transmitted to the Commission on May 12, 2026; and that there are currently no parties that the Commission has excused from participation by electronic means.

s/Monica H. Braun
Counsel for Delta Natural Gas Company,
Inc.



LEGEND

- APPROX. EXISTING EASEMENT LINE
- - - APPROX. EXISTING PROPERTY LINE
- APPROX. EXISTING R.O.W. LINE

Existing Easement To Be Used For Future Gas Line.

Proposed Lot Location

**KINDER MORGAN/DELTA NATURAL GAS
PROPOSED STATION LOT**

SCALE: 1"=50'

150,000 Square Foot
Build Ready Pad

Access Road

Industry Dr.

Ex. Easement
70'
18'
24'

Kinder Morgan
Approx. R.O.W.

Kinder Morgan
Approx. R.O.W.

Kinder Morgan
Approx. R.O.W.

Kinder Morgan
Approx. R.O.W.

Kinder Morgan
Approx. R.O.W.

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186'

50'

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CABINET FOR ECONOMIC DEVELOPMENT

Andy Beshear
Governor

500 Mero Street
Mayo-Underwood Bldg.
Frankfort, Kentucky 40601

Jeff Noel
Secretary

March 16, 2026

Dear Commissioner Angie Hatton:

I am pleased to submit this letter of support for Delta Natural Gas Company, as they are pursuing an Economic Development (EDX) filing with the Kentucky Public Service Commission (PSC) to support the extension of natural gas infrastructure to the Morehead area and nearby economic development sites.

We understand that the proposed project would establish a new connection (tap) to an interstate natural gas pipeline and construct the necessary distribution infrastructure to transport natural gas from the interstate system to the local network and ultimately to prospective industrial or commercial users. This infrastructure is considered a key component of making sites in the region competitive for new industry and job creation.

The Menifee, Morgan & Rowan County (MMRC) Regional Industrial Development Authority owns and operates the MMRC Regional Industrial Park. The park currently has over 260 acres available for development, is located 1.5 miles from Interstate 64 and is just over 2 miles from the airport.

MMRC Regional Industrial Park currently has two sites that are qualified as “Build-Ready” through the Kentucky Cabinet for Economic Development’s (KCED) certification program.

- MMRC Build Ready Site – Lot 1B with 100,000 square foot pad
- MMRC Build Ready Site – Lot 10 with 150,000 square foot pad

To be certified as “Build-Ready,” certain milestones must be achieved around site prep, infrastructure and building plans. The establishment of a new connection to support gas infrastructure to the site would be critical to the marketing of the site to potential suitors, and ultimately, spur investment and jobs for Kentuckians.

KCED is pleased to collaborate with you on such an important program for our Commonwealth. By helping to improve the quality of Kentucky’s industrial sites, we will be better positioned to attract new investment opportunities to Kentucky.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Noel".

Jeff Noel,
Secretary





Kentucky Public Service Commission

211 Sower Boulevard

Frankfort, Kentucky 40601

RE: Letter of Support – Delta Natural Gas Economic Development Extension (EDX) Application

Dear Commissioners,

On behalf of the MMRC Regional Industrial Authority, I am writing to express our strong support for Delta Natural Gas Company's application for an Economic Development Extension (EDX) to extend natural gas service to the Morehead region and surrounding economic development sites.

The MMRC Regional Industrial Authority represents and serves the counties of Menifee, Morgan, and Rowan, working collaboratively to strengthen regional economic development opportunities and attract new business investment. Access to reliable and scalable natural gas infrastructure is a critical factor in the site selection process for many industrial and commercial employers. The proposed extension of natural gas service will significantly enhance the competitiveness of our region and improve our ability to recruit job-creating projects.

The proposed project will establish a connection to an interstate natural gas pipeline and construct the necessary infrastructure to deliver natural gas service to strategic development sites in our region. This infrastructure investment will help remove a significant barrier that currently limits our ability to attract advanced manufacturing, energy-intensive industries, and other high-impact economic development opportunities.

In recognition of the importance of this project, the MMRC Regional Industrial Authority has formally requested a one-time appropriation of \$5.2 million from the Kentucky General Assembly to support the development of this natural gas infrastructure. This request demonstrates the strong commitment of our region and our partners to advancing this project and ensuring that our communities are prepared to support future industrial growth.

We believe Delta Natural Gas's EDX application represents a strategic investment in the long-term economic vitality of eastern Kentucky. By extending natural gas service to this development area, the project will position Menifee, Morgan, and Rowan counties to compete more effectively for new industry, support job creation, and strengthen the regional economy.

For these reasons, the MMRC Regional Industrial Authority respectfully urges the Kentucky Public Service Commission to approve Delta Natural Gas Company's Economic Development Extension application. We appreciate your consideration of this request and your continued support for initiatives that promote economic growth across the Commonwealth.

If additional information is needed, please do not hesitate to contact us.

Sincerely,



Jason Slone

Executive Director

MMRC Regional Industrial Authority

cc: Kentucky Cabinet for Economic Development

Delta Natural Gas Company

MOREHEAD-ROWAN COUNTY
CHAMBER
of **COMMERCE**

May 8, 2026

Mr. Jeff Steele
Delta Natural Gas
3617 Lexington Road
Winchester, Kentucky 40391

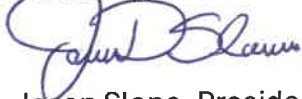
Dear Mr. Steele,

The MMRC Regional Industrial Authority approached the Kentucky General Assembly during this past legislative session to advocate for funding to support a new TAP of the interstate gas line in the park. Unfortunately, we did not receive approval for funding during this session, and we are now exploring other possible funding opportunities to move this important project forward.

As you know, natural gas availability within our park continues to be a significant concern. We continue to receive interest from site selectors, and additional natural gas capacity will be essential to meet the demands of future industrial prospects and support continued economic development efforts in our region.

We sincerely appreciate you and your partnership as we continue working toward solutions that will strengthen the park's infrastructure and competitiveness.

Sincerely,



Jason Slone, President