

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DELTA	)	
NATURAL GAS COMPANY, INC. FOR	)	CASE NO.
APPROVAL OF AN ECONOMIC DEVELOPMENT	)	2026-00123
EXTENSION AND REGULATORY ASSET	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO DELTA NATURAL GAS COMPANY, INC.

1. Refer to the Application, page 2.

a. Provide the name and number of customers that are served at the Lincoln County Industrial Park through Delta's last economic development extension (EDX), an estimate of their collective annual usage, and the date they started taking service.

Response:

- 1.a. Pitman Creek Wholesale, 213 Tech Way, Stanford, Kentucky 40484. The most recent annual consumption was [REDACTED] MCF. The meter was set on December 29, 2022. The customer's usage information is being provided pursuant to a petition for confidential protection. This project has also allowed Delta to extend an 8-inch steel line that will serve the communities of Crab Orchard, Brodhead and Mt. Vernon. The project is nearing completion; the steel line has been energized and is in position to add customers. Several businesses have already reached out to obtain service: a greenhouse and body shop in Crab Orchard and a new middle school and large black top plant in Mt. Vernon.

Witness: Jeffrey Steele

b. Provide a timeline for Delta's last EDX, from approval in Case No. 2020-004062 to the first customer to take service.

Response:

- 1.b. Delta filed the Application on December 28, 2020. It was approved by the Commission on April 28, 2021. The first residential customer was connected on

December 6, 2022, and the first industrial customer was connected on December 29, 2022.

Witness: Jeffrey Steele

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2. Refer to the Application, pages 2–3 and Exhibit 3.

a. Explain whether Delta will receive any outside funds or grants for this project.

Response:

2.a. At this time, Delta will not receive any outside funds or grants for this project, but MMRC plans to continue pursuit of funds and funding options.

Witness: Jeffrey Steele

b. Provide any deadlines for outside funding or grant applications or requests.

Response:

2.b. Upon information and belief, MMRC is expected to resume seeking federal funds later this year.

Witness: Jeffrey Steele

c. Confirm that any funding received from the Menifee, Morgan & Rowan County (MMRC) Regional Industrial Development Authority, the Morehead Rowan County Industrial Development Authority, or the Morehead-Rowan County Chamber of Commerce will be recorded as contributions in aid of construction. If this cannot be confirmed, explain.

Response: 2.c. Confirmed

Witness: John Brown

d. Explain whether there are other entities that may provide outside funding or grants for this project. If so, provide the entity and the potential amount of funding.

Response:

2.d MMRC has indicated that it plans to pursue several funding options. One is KPDI (Kentucky Product Development Initiative) grants. KDPI grants have a per county maximum allotment of \$2,000,000 requiring a local funding match. A KDPI grant may be utilized for land studies, property purchasing, site preparation, utility infrastructure, building construction or access roads. These KDPI grants are available to local governments and economic development authorities. Another funding option is a Federal EDA (Economic Development Administration) grant awarded by the US Department of Commerce. This type of grant can be utilized for infrastructure upgrades and does require a 50% match. As a third option, the Kentucky General Assembly can approve a line-item funding project for economic development.

Witness: Jeffrey Steele

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3. Refer to the Application, pages 3–4. Provide a breakdown of the estimated \$4.9 million cost for project engineering, right-of-way acquisition, tap, and purchase station.

Response:

3. The estimated cost of \$4.9 million dollars for project engineering, right-of-way acquisition, tap, and purchase station are as listed below.

- Tap Fee \$3,000,000
- Purchase Station Equipment \$1,500,000
- Project Engineering \$140,000
- Electrical Contract Services \$175,000
- Station Fencing \$75,000
- Right-of-Way Acquisition \$10,000

An additional \$270,000 may be required for connection piping from the station to Delta's system.

Witness: Jonathan Morphew

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4. Provide a description of the proposed site and the anticipated customer(s) or customer type(s). Include in the response whether natural gas is an essential requirement for the operations of the customer(s).

Response:

4. The MMRC Industrial Park is supported now by three counties (Menifee, Morgan, and Rowan) and is a light to medium industrial park but is revising its bylaws to pursue heavy classification. The park has 9 remaining lots consisting of 280 acres. Other adjacent property and land along the Highway 801 corridor is potential for future expansion or purchase if possible. Because MMRC presently does not have natural gas capacity levels to serve a minimum of 55 MCF/hour, it is often excluded from site selection lists. This lack of natural gas infrastructure excludes the industrial park and supporting counties from potential job growth and increasing the local tax bases.

Witness: Jeffrey Steele

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5. Explain whether Delta anticipates filing a Certificate of Public Convenience and Necessity (CPCN) for this project. If not, explain. If so, state when Delta expects to request a CPCN.

Response:

5. Delta does not anticipate filing an application for a Certificate of Public Convenience and Necessity (“CPCN”) for this project. In Case No. 2020-00001, which was the Commission’s administrative case that established the pilot program for economic development, it defined the “economic development extensions” available under the pilot program as “extensions of service in the ordinary course of business to potential economic development projects for gas local distribution companies.” As such, Delta does not believe that projects requiring a CPCN are eligible for relief as an economic development extension.

Also, the scope and costs of the proposed project are consistent with those approved by the Commission in Case No. 2020-00406, which was Delta’s first request under the pilot program. In that case, the Commission approved an economic development extension project to construct an interstate tap and 1.235 miles of steel pipeline. The total cost, inclusive of contributions, was \$4.031 million. Delta explained in its application that the cost represented 2.7% of Delta’s net plant.

The project proposed in this proceeding is similar. Delta is requesting to install an interstate tap and a gas pipeline of only 1,800 square feet in length. The total cost is \$5.1 million, which as explained in paragraph 11 of the application, constitutes 2.93% of Delta’s net plant as of December 31, 2025. Given the strong comparability in the scope and cost

of the project with that approved by the Commission, in Case No. 2020-00406, Delta does not believe a CPCN is required.

Witness: John Brown

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6. Provide the estimated timeline for the project, including when easements will be acquired and when Delta estimates it will begin construction.

Response:

6. Delta anticipates acquiring the right of way and beginning initial construction of the station in 2027, with station construction continuing through 2028. Delta expects the installation of the final connection piping to Delta's system to be completed in 2029. This schedule may be accelerated should Delta receive contributions aiding the construction of the project.

Witness: Jonathan Morpew





