

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC INVESTIGATION INTO THE	)	
AFFORDABILITY OF ELECTRIC AND NATURAL	)	CASE NO. 2026-00185
GAS UTILITY SERVICE AND RELATED MATTERS	)	

DELTA NATURAL GAS COMPANY, INC. INITIAL COMMENTS

Pursuant to Ordering Paragraph 8 of the Commission’s August 26, 2026 Opening Order in this matter, Delta Natural Gas Company, Inc. (“Delta”) submits its initial comments identifying the issues it believes should be examined and a short list of topics it believes should be addressed in any subsequent stakeholder process.

I. Initial Comments

Delta welcomes the opportunity to identify and discuss concerns, existing programs and practices, and potential measures to improve the affordability of electric and natural gas utility service for residential ratepayers. Delta has a unique perspective on these matters, given its founding mission to bring natural gas to rural Kentucky communities that had been considered too small or remote for gas distribution. In 1949, Delta’s first endeavor was to build gas distribution systems in Frenchburg and Owingsville. Today, Delta serves approximately 40,000 customers in central and southeastern Kentucky. While the company has grown, it has not strayed from its initial mission; its customers are largely located in small, rural communities with low population density.

Because of its customer demographics, “affordability” has multiple—but equally important meanings within Delta. First, Delta considers whether its current customers can and will choose to pay for natural gas. As a natural gas utility, Delta is attuned to the operating reality that customers can choose to be fully electric or purchase propane for their heating needs. Delta must

deliver high quality, reliable gas service at a price that its customers consider affordable. Delta is aware that a segment of its customer base has low incomes. The company has looked for opportunities to reduce disconnections, including never having a late payment fee and keeping reconnection and disconnection charges that are below the cost of service for these special charges.

Second, Delta must consider whether it is affordable to bring gas to an unserved community, which requires determining whether there is sufficient demand for the service to justify the capital investment necessary to supply the area. As Kentucky communities focus on economic development, including through the establishment of industrial parks, the availability of natural gas is a critical factor in businesses deciding where to locate. Delta appreciates the Commission's willingness to grant Economic Development Extensions with deferral accounting for projects such as this; it has made a material difference in allowing Delta to expand into unserved areas. Moreover, adding large users to its largely residential customer base provides important economies of scale that benefit all customers.

Since 2017, Delta has been part of PNG Companies LLC ("PNG"). PNG has an operating subsidiary in Pennsylvania, Peoples Natural Gas Company LLC ("Peoples"), which serves approximately 700,000 customers. As part of PNG, Delta has exposure to the programs that Peoples offers to its low-income and vulnerable customers. These include:

- Customer Assistance Program: Income eligible customers' monthly payments are based on their income, instead of gas usage. Monthly payments are between 4-6 percent of their total monthly before-tax income each month.
- Emergency Furnace and Surface Line Repair Program: This program provides assistance to income eligible customers with furnace and houseline repair issues.

- Usage Reduction Program: This is a weatherization program that helps income eligible customers reduce energy costs through heating system improvements, attic and wall caulking, insulation, and weather-stripping, as examples.
- Third Party Notice: This allows customers to choose a third party who is notified if the customer did not pay their bill or if they have overdue payments. This can be a relative, friend, clergyman, or a social service agency. The utility sends a copy of notices for past due bills to that third party, who can help to arrange payment and keep service active.

The costs associated with the Customer Assistance Program, Emergency Furnace and Service Line Repair Program, and Usage Reduction Program are recovered through a rider assessed to all residential customers other than those in the Customer Assistance Program.

These programs have been implemented successfully in Pennsylvania but are unlikely to be approved by the Kentucky Public Service Commission based on its long-standing interpretation of KRS 278.170 as prohibiting low-income rates. While Delta agrees with the Commission's comments on pages 3-4 of its Opening Order regarding the impact of utility bills being particularly challenging for low-income customers, Delta and other utilities are constrained from implementing programs that are designed to directly assist those customers absent a legislative solution or change in Commission interpretation.

II. Topics for Discussion

1. The nature and extent of natural gas utility affordability concerns in Kentucky and the appropriate data and measures for evaluating affordability, including as compared to propane as a primary heating source.
2. The statutory and regulatory impediments to rate design, cost allocation and financial assistance programs directed at low-income customers.
3. The effectiveness, accessibility, and cost-effectiveness of demand-side management in reducing customer energy consumption, lowering utility bills, improving affordability, increasing customers' ability to manage their energy usage, appropriately incentivizing or compensating customers for actions that provide broader system benefits, and achieving long-term benefits.

Dated: September 30, 2026

Respectfully submitted,



Monica H. Braun
monica.braun@skofirm.com
Stoll Keenon Ogden PLLC
300 West Vine Street
Suite 2100
Lexington, KY 40507
Telephone: (859) 231-3000
Facsimile: (859) 259-3503
Counsel for Delta Natural Gas Company,
Inc.

CERTIFICATE OF COMPLIANCE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on September 30, 2026; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

A handwritten signature in blue ink that reads "Monica H. Braun". The signature is written in a cursive style and is positioned above a horizontal line.

Counsel for Delta Natural Gas Company, Inc.