

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC APPLICATION OF DELTA
NATURAL GAS COMPANY, INC. FOR
ANNUAL PIPE REPLACEMENT
PROGRAM**

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CASE NO. 2026-00303

**TESTIMONY OF
JONATHAN MORPHEW
DIRECTOR OF OPERATIONS
DELTA NATURAL GAS COMPANY, INC.**

Filed: October 15, 2026

Background

Q. Please state your name and business address.

A. My name is Jonathan Morphew. My business address is 3617 Lexington Road, Winchester, Kentucky 40391.

Q. By whom are you employed and in what capacity?

A. I am employed by Delta Natural Gas Company, Inc. ("Delta") as its Director of Operations.

Q. Please briefly describe your professional history with Delta.

A. My career with Delta dates back to 1987, when I began as an SR Engineering Technician. I was promoted to Lead Engineer in 1989 and Director – Engineering in 1995. In 2003, I was promoted to Manager – Engineering with oversight over the Corrosion and Measurement & Regulation departments. In 2016, I was promoted to SR Manager – Distribution and managed the Engineering, Construction, Corrosion, Measurement & Regulation, and Distribution departments. I was promoted to Delta's Vice President – Operations in 2018 with oversight over Delta's Engineering, Construction, Corrosion, Measurement & Regulation, Distribution, Transmission, and Safety Operations. Effective May 1, 2021, my title changed to Director of Operations. My responsibilities as Director of Operations remained the same as they were when I served as Vice President – Operations until a corporate reorganization effective April 2022 assigned the Transmission, Measurement and Regulation departments to the Director – Gas Control and Transmission.

Q. Please briefly describe your educational background.

A. I attended Morehead State University and received a Bachelor of Science degree in Industrial Technology in 1985. I was employed by Nucor Steel in Grapeland, Texas and Palmer Engineering in Winchester, Kentucky before beginning my career at Delta in 1987.

Q. Have you previously testified before this Commission?

1 A. Yes. I presented testimony before the Kentucky Public Service Commission
2 (“Commission”) in Delta’s most recent rate cases, Case Nos. 2024-00346 and 2021-00185.
3 I also submitted testimony in Pipe Replacement Program (“PRP”) annual filings in Case
4 Nos. 2025-00333, 2024-00332, 2023-00343 and 2022-00341. I also filed written
5 testimony in Case Nos. 2022-00085 and 2022-00295, both of which involved Certificates
6 of Public Convenience and Necessity to construct natural gas pipelines.

7 **Q. What is the purpose of your testimony?**

8 A. My testimony describes Delta’s PRP, the projects that Delta plans to complete during 2027,
9 and the remaining work to complete the program. My testimony also describes Delta’s
10 ongoing efforts to replace obsolete meters with the Intelis 250 meter having an integrated
11 ERT module, in support of its request to authorize purchase of 500 additional Intelis 250
12 meters to facilitate the replacement of retired ERT modules in 2027.

13 **Q. Please describe Delta’s PRP.**

14 A. Delta’s PRP was first approved by the Commission in Case No. 2010-00116.¹ As initially
15 approved, the PRP accelerated the recovery of the cost of replacing Delta’s bare steel pipe
16 and included replacement of service lines, curb valves, meter loops, and mandated pipe
17 relocations. As part of Case No. 2018-00086,² the Commission permitted Delta to expand
18 the program to include the replacement of pre-1983 vintage plastic pipe, known as Aldyl-
19 A, with all work under the PRP to be completed by 2033. The Commission also approved
20 Delta’s suggested revision to the manner in which property tax expense is calculated under
21 the program.

¹ *In the Matter of: Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates* (Case No. 2010-00116) (Ky. PSC Oct. 21, 2010).

² *In the Matter of: Electronic Adjustment of the Pipe Replacement Program Rider of Delta Natural Gas Company, Inc.* (Ky. PSC Aug. 21, 2018).

1 In Case No. 2021-00185,³ the Commission approved Delta's proposed revisions to
2 its PRP tariff that transitioned Delta's PRP to utilize a forecasted PRP with a true-up period.
3 The Commission also instructed Delta to alter the PRP from a per meter charge to a
4 volumetric charge moving forward.

5 **Q. Please summarize Delta's first prospective annual filing in Case No. 2022-00341.**

6 A. Delta submitted its first prospective annual PRP filing in October 2022. In its August 11,
7 2023 Order, the Commission held that Delta must utilize a 13-month average rate base for
8 its PRP.

9 **Q. Does Delta's 2026 annual filing utilize the 13-month average for PRP rate base?**

10 A. Yes.

11 **Q. In Delta's second prospective annual filing in Case No. 2023-00343, did the**
12 **Commission determine that Delta should change how income taxes are calculated in**
13 **its PRP return?**

14 A. Yes, the Commission determined that Delta should not gross up the interest portion of the
15 PRP return for income taxes.⁴

16 **Q. Did Delta gross up the interest portion of the PRP return for income taxes in this**
17 **proceeding?**

18 A. No. Consistent with the Commission's order, Delta has only grossed up the equity portion.

19 **Q. Please describe Delta's PRP projects for the remainder of 2026.**

20 A. As of October 9, 2026, Delta successfully installed 70,206 feet of PRP project footage this
21 year. Delta anticipates completing a total of 75,953 feet in 2026, meaning Delta plans to

³ *In the Matter of: Electronic Application of Delta Natural Gas Company, Inc. for an Adjustment of Its Rates and Certificate of Public Convenience and Necessity* (Case No. 2021-00185)

⁴ *In the Matter of: Electronic Application of Delta Natural Gas Company, Inc. for Annual Pipe Replacement Program* (Case No. 2023-00343) (Ky. PSC Dec. 22, 2023).

1 install 5,747 additional feet by year-end. This work primarily consists of distribution mains
2 and services in the Owingsville, Berea, and Corbin districts. This work is detailed in the
3 Excel file titled “Sch IV 2026” submitted with Delta’s Application.

4 **Q. Can you please explain the work that Delta plans to complete during 2027?**

5 A. Certainly. The most significant work during 2027 will be concentrated in Delta’s
6 Owingsville, Berea, Corbin, and Manchester service areas as depicted on the Excel file
7 titled “Sch IV 2027” filed with the Application. Schedule IV details approximately 67,029
8 feet of vintage plastic pipe that Delta plans to replace during 2027, as well as approximately
9 6,243 feet of additional pipe replacement associated with DOT-related replacements.
10 Delta’s current estimate of 2027 PRP expenses associated with the vintage pipe
11 replacement work will be approximately \$7,669,208, with an additional approximately
12 \$1,160,403 in costs associated with DOT-related replacement work. Delta also anticipates
13 an expense of \$125,000 for the purchase of 500 Intelis 250 meters.

14 **Q. How does Delta minimize the costs associated with PRP projects?**

15 A. Delta continually searches for the most economical and operationally safe contract
16 construction labor available. Historically, all construction companies utilized by Delta
17 have provided safe and reliable service. Delta strives to maintain the lowest possible labor
18 rates for these services. In doing so, Delta competitively bids PRP projects with at least
19 three pipeline construction companies, and Delta is always looking for additional vendors
20 who are interested in submitting bids.

21 Delta’s primary contractor for PRP work performed in 2026 was Martin
22 Contracting, Inc. (MCI) and Delta expects to continue using MCI for the remainder of
23 2026.

1 **Q. Is Delta on track to complete all of the PRP work by 2033?**

2 A. Yes. As Schedule VI shows, Delta estimates having 370,397 feet (70.2 miles) yet to be
3 replaced as of June 30, 2026. That would be approximately 10 miles per year through
4 2033. The company is currently averaging replacement mileage in excess of this annual
5 rate.

6 **Q. Has Delta previously sought permission from the Commission regarding the**
7 **replacement of its existing meter system with the Intelis 250 meter?**

8 A. Yes. In Case No. 2024-00135, the Commission approved Delta’s request to replace 8,000
9 Itron 40 modules with Intelis 250 meters. The current generations of encoder receiver
10 transmitter (“ERT”) modules employed by Delta are rapidly approaching the end of their
11 service life. Consequently, Delta is in the process of transitioning its meter base from the
12 Honeywell American meter coupled with the Itron 100 or Itron 40 ERT to the Intelis 250
13 meter, which is also manufactured by Itron. The Intelis 250 meters have an integrated ERT
14 module, which means Delta purchases a single piece of equipment for each customer,
15 rather than the two pieces (meter and associated ERT module) under the older system.
16 Additionally, the Intelis 250 meters provide Delta customers with two significant safety
17 features not found in older generations of ERT, including an auto shutoff feature and
18 remote disconnection.

19 As part of its request in Case No. 2024-00135, Delta notified the Commission that
20 it intended to replace approximately 500 meters annually beginning in 2026, which
21 corresponds to the number of meters targeted for retirement each year. With respect to this
22 request, the Commission stated that “[a]ssuming the replacements will not result in
23 wasteful duplication, the ongoing replacements of about 500 meters and ERT modules a

1 year with the Intelis 250 meters due to maintenance issues is an ordinary extension in the
2 usual course of business, and a CPCN, pursuant to KRS 278.020(1), is not required.”

3 **Q. Please elaborate on the two safety features associated with the Intelis 250 meter**
4 **system compared to older generations utilized by Delta.**

5 A. The Intelis 250 provides Delta and its customers with two significant safety capabilities
6 not found in either the Itron 40 or Itron 100 modules. The first is an auto shutoff feature.
7 If the meter detects flows, temperatures, or pressures that are outside of the operating
8 parameters set by Delta, the meter will automatically shut off without customer or utility
9 intervention. The ability to shut off gas before the customer detects and reports a concern
10 can reduce the likelihood of a catastrophic incident.

11 The second safety capability offered by the Intelis 250 is remote disconnection. If
12 Delta’s employee arrives at a premise in which unsafe conditions are suspected, it can shut
13 off gas service before entering a residence or inspecting the equipment. This allows Delta’s
14 employees to work more safely, and reduces the likelihood of an adverse event. Delta can
15 also utilize this technology to remotely disconnect customers for nonpayment or other
16 circumstances warranting disconnection as defined by Delta’s tariff or Commission
17 regulations.

18 **Q. Can you please briefly describe Delta’s replacement efforts following the**
19 **Commission’s September 4, 2024 Order?**

20 A. Yes. Since the Commission’s September 4, 2024 Order, Delta has diligently worked at
21 replacing end of life Itron modules. Many of these modules have been replaced with the
22 Itron Intelis 250 meter. The replacement project is still active. Delta continues to prioritize
23 any end-of-life units in the module replacement program.

1 **Q. Approximately how many existing meters does Delta anticipate will require**
2 **replacement with the Intelis 250 meter during 2027?**

3 A. Delta anticipates that approximately 500 meters will require replacement during 2027.
4 Delta requests permission from the Commission to include the cost of those 500 Intelis 250
5 meters in its PRP.

6 **Q. Does Delta anticipate that it may accelerate the replacement of its existing meters with**
7 **Intelis 250 meters in the future?**

8 A. Yes. Delta is currently evaluating whether it would be appropriate to accelerate the
9 replacement of its existing meters with Intelis 250 meters beyond the approximately 500
10 meters per year currently contemplated. As I explained above, the Intelis 250 meters
11 provide enhanced safety capabilities, including automatic shutoff and remote
12 disconnection. If Delta determines that an acceleration of the meter replacement program
13 is appropriate, Delta intends to seek the necessary approval from the Commission, before
14 proceeding with the accelerated replacement program.

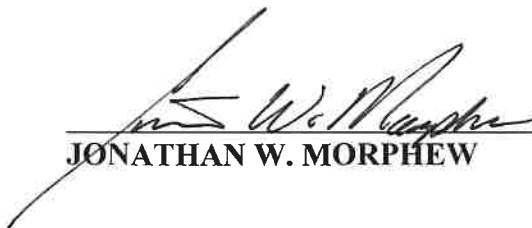
15 **Q. Does this conclude your testimony?**

16 A. Yes, it does.

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF CLARK)

The undersigned, **Jonathan W. Morpew**, being duly sworn, deposes and says he is Director of Operations of Delta Natural Gas Company, Inc., that he has personal knowledge of the matters set forth in the foregoing testimony, and the answer contained therein is true and correct to the best of his information, knowledge, and belief.



JONATHAN W. MORPHEW

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 15th day of October, 2026.

 (SEAL)

Notary Public

My Commission Expires:

June 19, 2027

