

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DELTA)	
NATURAL GAS COMPANY, INC. FOR AN)	CASE NO.
ADJUSTMENT OF ITS RATES AND A)	2021-00185
CERTIFICATE OF PUBLIC CONVENIENCE AND)	
NECESSITY)	

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

Delta Natural Gas Company, Inc. (Delta), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on October 8, 2021. The Commission directs Delta to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Delta shall make timely amendment to any prior response if Delta obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Delta fails or refuses to furnish all or part of the requested information, Delta shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Delta shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Tab 4 of the Application, page 10 of 50, regarding the change of ownership section under the Farm Tap Service rate schedule. Explain the circumstances in which the \$25 turn-on fee would apply.

2. Refer to Tab 4 of the Application, page 23 of 50, Application for Service section.

- a. Provide the personal information requested of each new potential customer, explain why each item is needed, and for each item, indicate whether the

information is required in order for the customer to receive service or if it is optional for the customer to provide.

b. Indicate whether Delta has a standard Application for Service. If so, provide a copy.

3. Refer to Tab 63 of the Application. Delta is forecasting and increase in equity from \$58,707,569 as of August 2021 to \$71,903,674 as of December 2022.

a. Provide the anticipated issuance dates and the expected impact on Delta's capital structure.

b. Explain why Delta is forecasting to increase the equity portion of its capital structure from 45.64 percent to 51.76 percent, or over 13 percent.

4. Refer to the Testimony of Jonathan Morpew (Morpew Testimony), page 10, line 22 through page 11, line 2. Explain how Delta estimated the cost of the proposed transmission line. Provide any work papers in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

5. Refer to the Morpew Testimony, pages 13-14. Confirm that no costs associated with phase one of the economic development project are included in Delta's test-year. If this cannot be confirmed, provide the amount and location of any such costs.

6. Refer to Delta's response to Commission Staff's Second Request for Information, Item 4. Provide support for the \$15 listed in the "Other charges – bank fees, etc." row of the Bad Check cost justification.

7. Refer to Delta's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 4. State whether Delta included an increase in

locate requests in the forecasted test-year. If so, explain how the increase was calculated. If not, explain why not.

8. Refer to Delta's response to Staff's Third Request, Item 9.
 - a. Explain whether Delta routinely plans its system to provide multiple sources of supply.
 - b. State whether Delta preforms any study of likelihood of failure of its transmission lines. If so, explain whether this particular transmission line has a high probability of failure.
 - c. Explain whether Delta is aware of any actual expected growth in natural gas demand for the north side of this system.
 - d. Explain in detail how the proposed route was determined, including any engineering studies that were performed or alternative routes evaluated.
 - e. Confirm that Delta's proposed route also includes a river crossing.
 - f. Explain whether Delta's current transmission line could supply the Nicholasville area in the event the proposed transmission line experiences a failure.
 - g. Provide the maximum load growth that could be safely supported by the current transmission line.

9. Refer to Delta's response to Staff's Third Request, Item 15. Also refer to Delta's response to Commission Staff's Second Request for Information, Item 3.
 - a. Provide a narrative of Delta's standard protocol to determine affiliation with the previous owner when there is a requested change in farm tap account ownership.

b. Confirm that the new owner would only be responsible for the existing account balance of the previous owner if the new owner resided at the address with the previous owner when their past due account balance was incurred and the previous owner remains at the address. If not confirmed, provide an explanation.

c. Explain whether the new owner would be responsible for the existing account balance of the previous owner if the new owner resided at the address with the previous owner when their past due account balance was incurred but the previous owner ceased residing at the address.

10. Refer to Delta's response to Staff's Third Request, Item 21(a).

a. Provide support for the \$35 per hour charge for relighting gas appliances when not in conjunction with a turn-on, meter rotation, or restoration of service.

b. Explain the rationale for setting a minimum charge of one hour.

11. Refer to Delta's response to Commission Staff's Third Request for Information, Item 21(g).

a. Explain the difference between the \$150 meter install charge and the \$50 meter install charge and indicate the tariff provision that allows for the \$50 meter install charge.

b. Confirm that other than the \$25 reconnection charge, none of the other charges listed in the response are currently in Delta's tariff.

12. Refer to Delta's supplemental response to Staff's Third Request, Item 29.

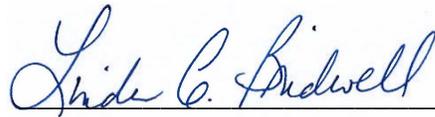
a. Confirm that the results of Delta's lead/lag study suggest that ratepayers are financing Delta's cash needs in the amount of \$213,233.

b. Explain why Delta's shareholders should earn a return on \$213,233 financed by ratepayers.

13. Risk associated with the recovery of costs and capital in Delta's Pipe Replacement Program (PRP) would appear to be much less than the utility as a whole.

a. Explain whether the risks associated with the PRP and similar programs are alike or different from the risks associated with the distribution utility.

b. For Delta, compare and contrast the risks specifically associated with its PRP and the utility and explain whether the ROE associated with the PRP should be lower than the authorized for base rate calculation.



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DATED SEP 23 2021

cc: Parties of Record

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