

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 FIRST REQUEST FOR INFORMATION ON REHEARING
TO DELTA NATURAL GAS COMPANY

Delta Natural Gas Company (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 February 18, 2022. 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 question to which the response is made and 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 that the

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).

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 the Stipulation and Recommendation, page 3, Section 1.1, and Section 1.2(C), and Exhibit 1.

a. Provide support for the statement that the revenue requirement increase of \$5,645,767 is calculated using the rate base method.

b. Identify the line item which accounts for the difference between capitalization and rate base. Provide the detailed calculation of this amount in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

2. Refer to Delta's response to Commission Staff's Post-Hearing Request for Information (Staff's Post-Hearing Request), Item 1, Exhibit, Tab Exhibit, line 16 and Tab Supporting Schedule, line 22. Confirm that the rate base reduction to remove Nicholasville right-of-way acquisition costs is \$541,850.

3. Refer to Delta's response to Staff's Post-Hearing Request, Item 1, Exhibit, Tab Supporting Schedule.

a. Confirm that Delta's as filed pre-tax weighted average cost of capital is 9.53 percent. If confirmed, explain why Delta effectively calculated this adjustment using a pre-tax weighted average cost of capital of approximately 9.00 percent.

b. Explain why a rate base adjustment would impact the cost of capital.

c. Confirm that the reduction in the 13-month average rate base to remove the Nicholasville pipeline right-of-way acquisition costs of \$541,850 produces a revenue requirement reduction of \$51,661, using Delta's as filed pre-tax weighted average cost of capital of 9.53 percent. If this cannot be confirmed, explain and provide all supporting calculations and documentation in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.



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Public Service Commission
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DATED FEB 03 2022

cc: Parties of Record

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