

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	)	

NOTICE OF FILING

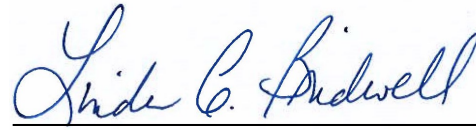
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on November 16, 2021 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- A written log listing, inter alia, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on November 16, 2021.

A copy of this Notice, the certification of the digital video record, and hearing log have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at <https://youtu.be/kuSXdxpnahl>.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 9<sup>th</sup> day of December 2021.



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Linda C. Bridwell  
Executive Director  
Public Service Commission of Kentucky

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CERTIFICATION

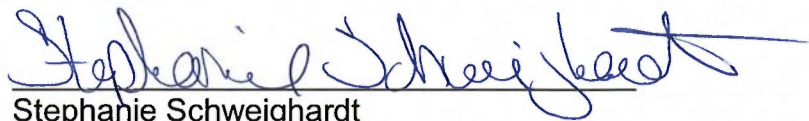
I, Candace H. Sacre, hereby certify that:

1. The attached flash drive contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on November 16, 2021. The Formal Hearing Log is included with the recording on November 16, 2021;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of November 16, 2021; and
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of November 16, 2021, and the time at which each occurred.

Signed this 14<sup>th</sup> day of December, 2021.



Candace H. Sacre  
Administrative Specialist III



Stephanie Schweighardt  
Notary Public State at Large  
Commission Expires: January 14, 2023  
ID# 614400



Date:	Type:	Location:	Department:
11/16/2021	Public Hearing\Public Comments	Hearing Room 1	Hearing Room 1 (HR 1)

Witness: Richard Baudino; John Brown; Jonathan Morphey; Paul Moul; William Packer, Jr.; Andrea Schroeder; William Steven Seelye  
 Judge: Marianne Butler; Kent Chandler; Amy Cabbage  
 Clerk: Candace Sacre

Event Time	Log Event	
9:09:52 AM	Session Started	
9:10:01 AM	Chairman Chandler Note: Sacre, Candace	We are on the record in Case No. 2021-00185, Electronic Application of Delta Natural Gas Company, Inc., for an Adjustment of its Rates and a Certificate of Public Convenience and Necessity.
9:10:14 AM	Chairman Chandler Note: Sacre, Candace	My name is Kent Chandler. I am Chairman of the Kentucky Public Service Commission, and I will be presiding today. Joining me today by videoconferencing are Vice Chairman Amy Cabbage and Commissioner Marianne Butler.
9:10:27 AM	Chairman Chandler Note: Sacre, Candace	COVID and videoconferencing recommendations. (Click on link for further comments.)
9:11:48 AM	Chairman Chandler Note: Sacre, Candace	The hearing today is for the purpose of taking evidence on Delta's application for an adjustment of rates. Delta also applied for a Certificate of Public Convenience and Necessity; however, the Stipulation and Recommendation filed by the parties indicates the CPCN Application is to be withdrawn.
9:12:04 AM	Chairman Chandler Note: Sacre, Candace	Entry of appearance of counsel.
9:12:09 AM	Atty Braun Delta Note: Sacre, Candace	Monica Braun, also with me Mary Ellen Willoughby, also Molly Loy, assisting with documents.
9:12:32 AM	Asst Atty General West Note: Sacre, Candace	Mike West, and witnesses Bion Ostrander and Richard Baudino are on-line.
9:12:43 AM	Asst Gen Counsel Frederick PSC Note: Sacre, Candace	Tina Frederick, with me is Mary Beth Purvis.
9:12:56 AM	Chairman Chandler Note: Sacre, Candace	Public notice. (Click on link for further comments.)
9:13:09 AM	Chairman Chandler Note: Sacre, Candace	Outstanding motions. (Click on link for further comments.)
9:14:42 AM	Chairman Chandler Note: Sacre, Candace	Public comments. (Click link for further comments.)
9:16:19 AM	Chairman Chandler Note: Sacre, Candace	Anything else?
9:16:26 AM	Chairman Chandler Note: Sacre, Candace	First witness?
9:16:33 AM	Atty Braun Delta Note: Sacre, Candace	John Brown.

9:16:37 AM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
9:16:46 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Examination. Name and address?
9:17:01 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Direct Examination. Title?
9:17:10 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	File direct testimony?
9:17:17 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	File rebuttal?
9:17:21 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Supplemental testimony?
9:17:26 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Changes?
9:17:28 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Data requests?
9:17:32 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Changes?
9:17:36 AM	Chairman Chandler Note: Sacre, Candace	Questions?
9:17:42 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Cross Examination. Rise in natural gas prices, explain how Delta react rise minimize effects on customers?
9:24:32 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Familiar with weather normalization adjustment tariff?
9:24:38 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	What time period normal degree day, ten-year, 20-year, 30-year?
9:25:01 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	ROE recommendation in stipulation, support 9.3 percent ROE overall operations, same 9.3 for pipeline replacement?
9:25:24 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Aware Commission ordered lower ROE for pipeline replacement programs than overall base rates?
9:25:39 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Aware recent stipulations in Duke and Columbia lower ROE for pipeline replacement?
9:25:56 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Proposing alter current program based on forecasted expenses?
9:26:07 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Reasoning not applying for lower ROE?
9:26:49 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Delta will operate pipeline replacement program forecasted basis updated annually with balancing adjustment?
9:27:02 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Explain increases likelihood of recovering costs and return on a timely basis?
9:27:57 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Forecasted test year pipeline replacement impacts timeliness?
9:28:16 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Aware stipulations in Duke and Columbia contained stay-out provisions?
9:28:34 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Agree stay-out provisions expose company greater risk?

9:29:16 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Confirm rate case expenses included not include expenses for meals or witness preparation?

9:29:48 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Another witness able speak to that?

9:30:04 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Post-hearing data request confirmation on that.

9:30:06 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ASST GEN COUNSEL FREDERICK PSC - WITNESS BROWN  
Note: Sacre, Candace CONFIRM RATE CASE EXPENSES DO NOT INCLUDE EXPENSES FOR MEALS OR WITNESS PREPARATION

9:30:11 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Explain why true-up filing 2021 pipeline replacement program included in base rates be appropriate?

9:31:46 AM Chairman Chandler - witness Brown  
Note: Sacre, Candace Examination. Is it a dollar tracker?

9:32:35 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Cross Examination (cont'd). Reconnection/collection charges, Response, Staff Fifth Request, Item 14, stated reconnection charge only includes cost of reconnection, explain why cost support provided in Response, Staff Second Request, Item 4, labels charge reconnect/disconnect?

9:33:43 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace May send post-hearing data request on that.

9:33:44 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ASST GEN COUNSEL FREDERICK PSC - WITNESS BROWN  
Note: Sacre, Candace WHY COST SUPPORT PROVIDED IN RESPONSE, STAFF SECOND REQUEST, ITEM 4, LABELS CHARGE AS RECONNECT/DISCONNECT

9:33:48 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Collection charge Staff Fifth Request, Item 14, state charge may be assessed service not disconnected if pays bill/agrees pay bill by certain date, does Delta charge collection charge if service terminated?

9:34:18 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Delta employees accept checks, cash, credit card from customers pay over-due bill while employee on site to disconnect nonpayment?

9:34:39 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Payment taken by employee makes trip to residence or customer calling in at time employee present?

9:35:25 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Other witness be able give detailed information how whole scenario play out?

9:35:51 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ASST GEN COUNSEL FREDERICK PSC - WITNESS BROWN  
Note: Sacre, Candace PAYMENT TAKEN BY DELTA EMPLOYEE ON SITE OR BY CUSTOMER CALLING IN AT TIME EMPLOYEE PRESENT

9:35:54 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Did say Delta employee potential disconnect accept cash?

9:36:10 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Internal controls track money collected?

9:37:33 AM Asst Gen Counsel Frederick PSC - witness Brown  
Note: Sacre, Candace Describe how cash payment made to service person sent out how credited to account?

9:38:22 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Response, Staff Second Request, Item 4, explain why reconnect takes hour and a half while collection trip only takes half-hour?
9:39:14 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	If person out on collection mission and service disconnected, customer charged collection charge if service disconnected?
9:39:44 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Another witness be able speak to that?
9:39:45 AM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST GEN COUNSEL FREDERICK PSC - WITNESS BROWN CUSTOMER CHARGED COLLECTION CHARGE IF SERVICE DISCONNECTED
9:40:07 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	\$25 farm tap turn-on charge, removed from tariff, stipulation change of ownership provision, \$25 turn-on fee no longer separately listed in tariff, apply change of ownership no longer case, reconnection states \$25 turn-on and past due, Delta intend charging \$25 turn-on fee not involve disconnections for nonpayment?
9:41:41 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Response, Staff Fifth Request, Item 15, nonrecurring charge revenue forecast, why company base forecasted test year revenue each nonrecurring charge on linear regression analysis?
9:44:11 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Expect level of reconnection and collection charge revenue go back up to more normal level 2022 and beyond?
9:44:33 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	COVID moratorium against disconnect fees, agree 2020 somewhat anomaly because of pandemic, not be appropriate year to use performing linear trend analysis?
9:46:16 AM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Post-hearing data request provide revenue by month each nonrecurring charge, number times each charge assessed each month April 2021 to present, and amount of revenue nonrecurring charge by month September through August 2016 through 2020, number of times each charge assessed each month.
9:46:17 AM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST GEN COUNSEL FREDERICK PSC - WITNESS BROWN REVENUE BY MONTH EACH RECURRING CHARGE AND NUMBER OF TIMES EACH CHARGE ASSESSED APRIL 2021 TO PRESENT AND REVENUE FROM EACH NONRECURRING CHARGE BY MONTH SEPTEMBER THROUGH AUGUST EACH YEAR 2016 THROUGH 2020 AND NUMBER OF TIMES EACH CHARGE ASSESSED BY MONTH
9:46:58 AM	Chairman Chandler Note: Sacre, Candace	Questions?
9:47:12 AM	Vice Chairman Cabbage - witness Brown Note: Sacre, Candace	Examination. No stay-out in stipulation, expect come back in year or two for rate increase?
9:50:10 AM	Vice Chairman Cabbage - witness Brown Note: Sacre, Candace	Approving stipulation as is, projection when might come back?
9:51:14 AM	Vice Chairman Cabbage - witness Brown Note: Sacre, Candace	CPCN request withdrawn, expense still left in test year, why is that?
9:53:57 AM	Vice Chairman Cabbage - witness Brown Note: Sacre, Candace	Delta had project requiring CPCN for which got partial cost recovery in advance of filing CPCN?

9:55:04 AM	Vice Chairman Cabbage - witness Brown Note: Sacre, Candace	Turning to PRP, rolling in expense cost in base rate and charge to customers, why appropriate do the true-up?
9:57:29 AM	Vice Chairman Cabbage - witness Brown Note: Sacre, Candace	If over-collected but already rolled in, how customers get refund of that?
9:58:06 AM	Vice Chairman Cabbage - witness Brown Note: Sacre, Candace	Would envision, if over-collected, next year when come in PRP expense, starting from negative?
9:58:36 AM	Vice Chairman Cabbage - witness Brown Note: Sacre, Candace	Any forecast what might come in for next year on PRP?
10:01:13 AM	Vice Chairman Cabbage - witness Brown Note: Sacre, Candace	Not expect massive increase or decrease, stay fairly level?
10:01:57 AM	Vice Chairman Cabbage - witness Brown Note: Sacre, Candace	Tariff and changes to force majeure clause, what impetus for changing and asking for changes to force majeure clause?
10:02:57 AM	Chairman Chandler Note: Sacre, Candace	Questions?
10:03:15 AM	Commissioner Butler - witness Brown Note: Sacre, Candace	Examination. Asking recovery of pipeline before CPCN, what if pipeline not happen or put off several years, pay back money, how treat that if pipeline not go on as hoped?
10:06:58 AM	Commissioner Butler - witness Brown Note: Sacre, Candace	Understand capital, recovery of costs for CPCN, will follow up with data request questions.
10:07:35 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Examination. New parent company prioritizes earning EPS goals?
10:08:18 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	How long at Delta?
10:08:23 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	In time period, since 1995 been at Delta, only about a year or two Delta been private company?
10:08:49 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Rest of time publicly held?
10:09:02 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Not different today than has been since arriving in 1995?
10:10:02 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Should Commission be concerned fact that correlation is not same as causation, be concerned almost immediately after being acquired files first rate case in 11 years, expectation be greater demand for Delta increase frequency resets base rates under new ownership?
10:12:01 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Mentioning earlier capital budget in forecasted test year, calendar year 2022, overall capital budget discussing or budget related to PRP-type projects?
10:12:22 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Any idea PRP budget be in outer years?
10:12:38 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Were witness that supported Delta initial PRP?
10:13:02 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Case No. 2010-00116, last rate case?
10:13:13 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Capital in 2022 about \$17 million?
10:13:20 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Forty-five, 40 percent PRP related?



10:13:36 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	What trend of capital budget last ten years, trending up?
10:15:58 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Resources, referring to capital?
10:16:02 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Expectation remainder your time at Delta go many years with no growth in rate base, net investment rate base?
10:17:09 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Correlation low growth and increased capital spending, 2010 first year of PRP anticipated capital \$1.5 million?
10:17:39 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	2020 PRP filing provide 2020-00059, provide 2010 - 2019 layout net investment rate base, how is it that so much of this coming through PRP, portion includes mandatory relocations, but how increase in customer counts explain quadrupling of annual PRP CapEx?
10:21:26 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Testimony, page11, 2010 case, main causes of leaks bare steel pipe, galvanic corrosion, 69 percent leaks repaired on system 2009 caused by corrosion, what level leaks caused by pre-1979 plastic pipe compared to cast iron or bare steel today?
10:23:59 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Bare steel problem in 2010, 69 percent of all leaks in 2009?
10:24:35 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Delta small compared other LGCs in Kentucky?
10:24:39 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Any numbers relative to linear feet pipe that has significantly less leaks than other Kentucky LGCs?
10:24:50 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Went from one to three/less than three \$1.5 - \$3 million a year capital spending on PRP, now past sixes, and 2022 expectation \$7 million neighborhood, seems some correlation acquisition Delta by PNG and again by Essential, additional capital sought to be put through pipe replacement program, spending more capital and accelerating through PRP?
10:27:02 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	PRP balancing adjustment filed after end of test year in PRP?
10:28:14 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Say a dollar tracker, even if call it dollar tracker not perfect recovery O&M and capital costs even after fact, at least time value of money component, right?
10:28:56 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Approved amount revenue not necessarily actual money expended yet, portion forecasted?
10:30:04 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Will year balancing adjustment applies to be cut short because rate case and inclusion of capital in base rates or rate base and base rates?
10:30:51 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Keep saying made whole, asking about, if only portion of months that would apply to balancing adjustment actually reflected, then cut short, and capital included in base rates, company not proposing go into base rates and pull out over- or under-recovered in months in base rates, and then apply to balancing adjustment rate?

10:31:27 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Hypothetical, eight months of PRP in effect and these rates go into effect, all capital recovered prospective basis forecasted test year, (click on link for further comments).
10:32:13 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	When base rates into effect, PRP amount zero, entirety costs included in historic PRP now recovered base rates, eighth month when cuts and PRP only recovers costs through eight months, base rates in effect and zeroes out PRP, that is proposal?
10:32:49 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Capital that was in PRP plus forecasted capital now put into base rates, recovered prospective basis, times billing determinants, undershoot what actually happens, first four months, over-earning on capital was in PRP even though under-recovered through eight months PRP, in balancing adjustment not proposing look at base rates, whether over-earned/under-earned, what portion PRP in effect for time was in effect for balancing adjustment?
10:34:12 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Mentioned PRP and quote, defined end date or target, what meant by end of program and plan regarding PRP?
10:35:37 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	How much system replaced between 2010 and expectation when program ends?
10:35:58 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Post-hearing data request all types of pipes, assume reasonable amount each year for mandatory relocates, anticipated replacement total pipes through PRP under current plan?
10:35:59 AM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	CHAIRMAN CHANDLER - WITNESS BROWN ANTICIPATED REPLACEMENT TOTAL PIPES THROUGH PRP UNDER CURRENT PLAN
10:36:47 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	How PRP populated each year, why those projects, Morphew person to ask about that?
10:37:53 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Agree capital demands exceed capital available?
10:38:16 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Don't spend money for land acquisition for Nicholasville pipeline, find something else spend on, have other needs pull forward?
10:39:18 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Other Kentucky LDCs prioritize pipeline replacement now correlates with low prices, gas cost recovery going down or stable, what happens when gas costs go up, capital spending was where was because capital available, have concern too much capital impact on customer bills, where balance that?
10:42:57 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Identify needs and come up with expect total need be and send up request for capital, or identify how much capital available and plan accordingly?
10:47:02 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	In last year and half, Delta amended cost allocation manual?
10:47:14 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Who reviews cost allocations to Delta at Delta level?
10:47:24 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Any experience in that position, comptroller?

10:47:35 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Person at Delta reviews cost allocations a Delta employee?
10:47:44 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Aware employee knows what cost allocation manual includes?
10:47:57 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	Cost allocation manual, as understand it, broader topics, categories of costs?
10:48:13 AM	Chairman Chandler - witness Brown Note: Sacre, Candace	As to specific amounts, experience at Delta since PNG acquisition concerns level of costs allocated, what experience have ensure not too much, too little, what experience with that and level of concern whether appropriately done or needs additional controls?
10:52:53 AM	Chairman Chandler Note: Sacre, Candace	Nicholasville pipeline and inclusion of costs in test year, anticipate asking brief this issue. (Click on link for further comments.)
10:55:01 AM	Session Paused	
11:04:59 AM	Session Resumed	
11:05:03 AM	Chairman Chandler Note: Sacre, Candace	Back on the record in Case No. 2021-00185, Electronic Application of Delta Natural Gas Company, Inc. for an Adjustment of its Rates and a Certificate of Public Convenience and Necessity.
11:05:16 AM	Chairman Chandler Note: Sacre, Candace	Redirect?
11:05:20 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Redirect Examination. Time line of PRP, PRP approved Delta last rate case 2010-00116?
11:05:42 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Recall asset classes originally approved in PRP?
11:06:06 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	In 2018, Delta filed application expand classes covered by PRP?
11:06:34 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Any changes to asset classes 2010 initially approved and 2018 filing regarding vintage pipe?
11:06:53 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Costs relatively flat 2010 to 2018 or increase?
11:07:09 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	In 2018, 2018-00086 expand asset classes, estimates what annual spend look like if application approved?
11:07:35 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Propose a spending cap in that case?
11:07:55 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Recall Commission ruling on spending cap?
11:08:36 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	\$7.8 million disclosed in 2018 consistent with level PRP investment this case?
11:09:03 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Nicholasville project, request CPCN for project?
11:09:14 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	At time filed, include engineering plans and specification?
11:09:39 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Filed application this year, provide plans, drawings, specifications for Nicholasville pipeline?
11:11:01 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Familiar with October 18 Order denying request for deviation filing plans with application?

11:11:16 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Understanding of what Order requires?
11:11:38 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Intent filing stand-alone CPCN for Nicholasville pipeline?
11:11:57 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Cost of pipeline in test year around \$1.7 million?
11:12:35 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Plans, drawings, specs Commission Order require to file stand-alone, part of \$1.7 million?
11:12:55 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Based on Order, have to have drawings, specs to apply for CPCN?
11:13:11 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	If amounts related to plans, specifications, drawings removed, denying Delta costs filing CPCN requirements?
11:13:31 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Construction costs not in \$1.7 million?
11:13:40 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Want be clear what in test year and what is not, \$1.7 million only amount related to Nicholasville pipeline included in forecasted test year?
11:13:54 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	None are construction costs?
11:13:59 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	If approved as filed, believe it has rate recovery for construction entire pipeline?
11:14:36 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Delta taking position receives approval of stipulation has CPCN for Nicholasville pipeline?
11:14:55 AM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Intention file CPCN application, estimate when occur?
11:15:15 AM	Chairman Chandler Note: Sacre, Candace	Ask stick around for remainder of hearing.
11:15:35 AM	Chairman Chandler Note: Sacre, Candace	Next witness?
11:16:34 AM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
11:16:41 AM	Chairman Chandler - witness Morphew Note: Sacre, Candace	Examination. Name and address?
11:16:55 AM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Position at Delta?
11:17:05 AM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Cause be prepared direct and written rebuttal?
11:17:11 AM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Sponsor data responses?
11:17:15 AM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Corrections or updates?
11:17:19 AM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Adopt testimony as own?
11:17:24 AM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Bring documents?
11:17:29 AM	Chairman Chandler Note: Sacre, Candace	Questions?

11:17:39 AM	Asst Gen Counsel Frederick PSC - witness Morphey Note: Sacre, Candace	Cross Examination. As relates to \$1.7 million forecasted test year, how much related to right-of-way and land acquisition and how much related to engineering plans, drawings, specifications?
11:18:19 AM	Atty Willoughby Delta Note: Sacre, Candace	We had filed this under petition for confidential protection, the specifics of bids. (Click on link for further comments.)
11:18:22 AM	Chairman Chandler Note: Sacre, Candace	Subject to current petition, aggregate amount by year?
11:18:34 AM	Chairman Chandler Note: Sacre, Candace	What asking about, amount reflective of engineering?
11:18:42 AM	Staff Atty Frederick PSC Note: Sacre, Candace	Engineering versus land acquisition. (Click on link for further comments.)
11:19:27 AM	Atty Willoughby Delta Note: Sacre, Candace	It was individual components of bid, also what made up estimate. (Click on link for further comments.)
11:20:02 AM	Chairman Chandler - witness Morphey Note: Sacre, Candace	Examination. When planning on spending on engineering?
11:20:20 AM	Chairman Chandler - witness Morphey Note: Sacre, Candace	When walked in door May 28th, what year anticipating spending amount?
11:20:37 AM	Chairman Chandler Note: Sacre, Candace	Have concern and specifics know are confidential and Morphey has documents available confidential. (Click on link for further comments.)
11:21:31 AM	Chairman Chandler Note: Sacre, Candace	Confirm has Delta entered into agreement with AG? (Click on link for further comments.)
11:22:20 AM	Private Mode Activated	
11:22:21 AM	Private Recording Activated	
11:29:46 AM	Normal Mode Activated	
11:29:46 AM	Public Recording Activated	
11:29:49 AM	Chairman Chandler Note: Sacre, Candace	Ms. Frederick?
11:29:57 AM	Asst Gen Counsel Frederick PSC - witness Morphey Note: Sacre, Candace	Cross Examination (cont'd). Explain how rights of way recorded on Delta books prior to construction, classified as plant held for future use or construction work in progress?
11:30:22 AM	Asst Gen Counsel Frederick PSC - witness Morphey Note: Sacre, Candace	Accounting treatment for them?
11:30:34 AM	Asst Gen Counsel Frederick PSC - witness Morphey Note: Sacre, Candace	Another witness?
11:30:49 AM	Asst Gen Counsel Frederick PSC - witness Morphey Note: Sacre, Candace	Post-hearing data request provide adjustment necessary remove \$1,750,000 right-of-way acquisition, remove that amount from test year, from 2022, including calculation in Excel spreadsheet.
11:30:50 AM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST GEN COUNSEL FREDERICK PSC - WITNESS MORPHEW PROVIDE ADJUSTMENT TO REMOVE \$1,750,000 RIGHT-OF-WAY ACQUISITION FROM TEST YEAR 2022 INCLUDING CALCULATION IN EXCEL SPREADSHEET
11:31:35 AM	Asst Gen Counsel Frederick PSC - witness Morphey Note: Sacre, Candace	Farm tap issues?

11:31:45 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace O&M Manual address farm tap customers in any way?

11:31:52 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace In what way?

11:32:40 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Back in 1990, personally made additions to manual address farm tap issues?

11:33:01 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Post-hearing data request provide portions of manual address farm tap customers?

11:33:02 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ASST GEN COUNSEL FREDERICK PSC - WITNESS MORPHEW  
Note: Sacre, Candace PORTIONS OF O&M MANUAL ADDRESSING FARM TAP ISSUES

11:33:16 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Financial benefit providing farm tap service located within half air mile another operator gathering lines?

11:33:57 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace What maintenance perform on farm tap customer service lines?

11:35:49 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Talking about customers tapped into high-pressure line owned by Delta?

11:37:07 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace For farm tap customers tapped into lines owned and operated by Delta?

11:37:31 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Estimated cost of providing service to subset?

11:37:43 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Anybody else better position to know, or post-hearing data request?

11:37:44 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ASST GEN COUNSEL FREDERICK PSC - WITNESS MORPHEW  
Note: Sacre, Candace ESTIMATED COST OF PROVIDING SERVICE TO FARM TAP CUSTOMERS

11:37:54 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Second group of farm tap customers, Diversified, customers tapped into gathering lines owned by Diversified?

11:38:21 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace What maintenance Delta perform on those lines?

11:39:53 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Types things discover farm tap line that Delta would address?

11:41:07 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Who owns meters on farm tap lines owned by Diversified?

11:41:17 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace What about regulators?

11:41:20 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Under agreement with Diversified supply maintenance any of lines?

11:42:05 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace If needed estimated cost, post-hearing data request?

11:42:06 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ASST GEN COUNSEL FREDERICK PSC - WITNESS MORPHEW  
Note: Sacre, Candace ESTIMATED COST OF PROVIDING SERVICE TO DIVERSIFIED FARM TAP CUSTOMERS

11:42:17 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Farm tap customers on Vinland, what type maintenance or service provide for those farm tap customers?

11:42:58 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Not do leakage surveys on Vinland farm taps?

11:43:05 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Are doing on Diversified?

11:43:21 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Then do yard line work?

11:43:50 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Did discover problem, turn off gas, inform customer, any responsibility contact owner of gathering line?

11:44:08 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace You would contact them?

11:44:14 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Tell me if any how Delta respond farm tap customers report freeze-offs or leaks?

11:44:50 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace All three different groups farm tap customers?

11:46:15 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Who responsible responding leaks on gathering line, walk through procedure, same for all three sets?

11:48:18 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Gathering line, repair, turned off, Delta not have ability to do that?

11:48:57 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Who makes tap for farm tap customer?

11:49:32 AM Chairman Chandler - witness Morphey  
Note: Sacre, Candace Examination. Walk me through what just said, Vinland says no, just refused let people into it, tap into line, Vinland own or Delta?

11:51:05 AM Chairman Chandler - witness Morphey  
Note: Sacre, Candace Somebody demands Vinland tap into their line, farm tap customer under KRS Chapter 278, how that become Delta problem?

11:51:32 AM Chairman Chandler - witness Morphey  
Note: Sacre, Candace How become Delta customer?

11:51:55 AM Chairman Chandler - witness Morphey  
Note: Sacre, Candace Old Wiser line?

11:52:42 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Cross Examination (cont'd). Response Fifth Staff Request, some Vinland farm tap customers close to Delta customer, how situation arise taking service as Vinland farm tap customer instead of Delta extending 45 feet?

11:53:46 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Farm tap in existence before Delta ran facility in area?

11:54:32 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Other than separate application for farm tap service, what actions Delta take periodically make customers aware conditions take service?

11:55:08 AM Asst Gen Counsel Frederick PSC - witness Morphey  
Note: Sacre, Candace Appropriate witness discuss farm tap revenue?

11:55:26 AM Chairman Chandler  
Note: Sacre, Candace Questions?

11:55:41 AM Chairman Chandler - witness Morphey  
Note: Sacre, Candace Examination. When start with Delta?

11:56:12 AM Chairman Chandler - witness Morphey  
Note: Sacre, Candace Farm tap mess, four different classes customers ordinary residential, three different farm taps?

11:56:44 AM Chairman Chandler - witness Morphey  
Note: Sacre, Candace Ordinary LDC customers?

11:56:58 AM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Aware whether procure gas for farm tap customers?
11:57:17 AM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Understanding all lines farm tap customers connected to moving gas produced or some moving gas that just transporting?
11:57:52 AM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Farm tap customers greater than half mile from line tapped into?
11:58:26 AM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Not aware one blatantly a mile away?
11:58:33 AM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Farm tap customer, what undertaking connect customer to LDC distribution system?
11:59:59 AM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Used term "yard" line opposed to service line, same piping from meter to home?
12:00:21 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	LDC side, Delta own all service lines?
12:00:27 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Always been case?
12:00:50 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	LDC customers Delta obligation survey, identify for 811, replace, all service lines for LCD customers?
12:01:09 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Distance between meter and home, what distance piping called, how Delta refer?
12:01:31 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	That owned by customer or Delta?
12:01:40 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Distance of piping, distinction between LDC customers and farm tap customers with yard lines?
12:02:09 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Distinction when Delta took over service lines last 35 years Delta not take ownership service lines farm tap customers?
12:03:51 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	When new farm tap customer connected, only outlay from customer is yard line?
12:04:19 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Peoples?
12:04:55 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Peoples consider that as contributions in aid of construction?
12:05:21 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	Does Delta now perceive owns regulator and meter?
12:05:54 PM	Chairman Chandler - witness Morpew Note: Sacre, Candace	That Delta owns regulator and meter?
12:06:27 PM	Chairman Chandler Note: Sacre, Candace	Redirect?
12:06:32 PM	Atty Willoughby Delta - witness Morpew Note: Sacre, Candace	Redirect Examination. Clear up \$1.7 million Nicholasville pipeline, Morpew rebuttal, bottom page 6, familiar with testimony?
12:07:14 PM	Atty Willoughby Delta - witness Morpew Note: Sacre, Candace	Question, state that Delta budgeted \$1.75 million right of way acquisition and explain right of way made up of two components?
12:07:40 PM	Atty Willoughby Delta - witness Morpew Note: Sacre, Candace	Those components include contractor cost and payments to landowners?



12:07:51 PM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Still plans to spend \$1.75 million budgeted on right-of-way acquisition?
12:08:10 PM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Bid received from winning bidder EnSite support \$1.75 million for right-of-way acquisition?
12:08:34 PM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Spending additional amount for engineering line in 2022?
12:08:46 PM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Reason why not budget external costs for engineering line Delta planned engineer line in-house?
12:09:14 PM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Additional money incurring that because Commission asked provide plans and drawings?
12:09:41 PM	Chairman Chandler - witness Morphew Note: Sacre, Candace	Examination. Agree requirement have engineering plans in regulation, requirements in regulations be certain specifications, aware of those?
12:10:34 PM	Chairman Chandler - witness Morphew Note: Sacre, Candace	\$1.75 forecasted period, how much capital how much expenses?
12:10:47 PM	Chairman Chandler - witness Morphew Note: Sacre, Candace	\$1.8 million, how much capital, how much expenses?
12:11:00 PM	Chairman Chandler - witness Morphew Note: Sacre, Candace	Anticipated capitalized labor even though consulting expenses?
12:11:41 PM	Chairman Chandler - witness Morphew Note: Sacre, Candace	Your understanding, done internally initially anticipated do, would not be capital, or it would be capital if it was done internally?
12:11:54 PM	Chairman Chandler - witness Morphew Note: Sacre, Candace	Capitalized internal labor for project when placed into service or be capitalized construction work in progress, questions of Brown?
12:12:35 PM	Chairman Chandler - witness Morphew Note: Sacre, Candace	Right-of-way acquisition, accounting as plant held for future use, aware accounting rules apply?
12:12:43 PM	Chairman Chandler Note: Sacre, Candace	Any additional?
12:12:53 PM	Vice Chairman Cubbage - witness Morphew Note: Sacre, Candace	Examination. EnSite bid not include design services, add money in for that?
12:13:24 PM	Vice Chairman Cubbage - witness Morphew Note: Sacre, Candace	Contractor bid part of CPCN, not include services for design of pipeline, need to be added as additional expense?
12:13:50 PM	Vice Chairman Cubbage - witness Morphew Note: Sacre, Candace	What expense just talking about needed be added in to \$1.7?
12:15:01 PM	Chairman Chandler Note: Sacre, Candace	Questions?
12:15:14 PM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Redirect Examination. Fair to describe \$1.75 million, bid made up of two components, right of way acquisition and also engineering?
12:15:49 PM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Also component Delta spend on land rights?
12:15:56 PM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	Not included in bid component?
12:16:04 PM	Atty Willoughby Delta - witness Morphew Note: Sacre, Candace	If add land component costs plus cost of EnSite acquiring right of way, \$1.7 million?

12:16:58 PM	Chairman Chandler - witness Morphew Note: Sacre, Candace	Examination. What originally \$1.75-million expense now \$1.8-million anticipated expense?
12:16:59 PM	Chairman Chandler - witness Morphew Note: Sacre, Candace	Expense in general sense, not expense type of cost incurred in individual year and not able be capitalized?
12:17:36 PM	Chairman Chandler Note: Sacre, Candace	Clearly delineate between amount anticipated in test period to actual purchase, lease, acquisition of rights of way, verse all other costs.
12:18:45 PM	Chairman Chandler Note: Sacre, Candace	Witness excused.
12:19:04 PM	Chairman Chandler Note: Sacre, Candace	Break until 1:30.
12:19:41 PM	Session Paused	
1:34:41 PM	Session Resumed	
1:34:47 PM	Chairman Chandler Note: Sacre, Candace	Back on the record in Case No. 2021-00185.
1:35:00 PM	Chairman Chandler Note: Sacre, Candace	Next witness?
1:35:04 PM	Atty Willoughby Delta Note: Sacre, Candace	Andrea Schroeder.
1:35:39 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
1:35:46 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	Examination. Name and address?
1:36:02 PM	Atty Willoughby Delta - witness Schroeder Note: Sacre, Candace	Direct Examination. Position at Delta?
1:36:09 PM	Atty Willoughby Delta - witness Schroeder Note: Sacre, Candace	Cause prepared written direct and rebuttal?
1:36:15 PM	Atty Willoughby Delta - witness Schroeder Note: Sacre, Candace	Sponsor responses?
1:36:19 PM	Atty Willoughby Delta - witness Schroeder Note: Sacre, Candace	Corrections, updates?
1:36:24 PM	Atty Willoughby Delta - witness Schroeder Note: Sacre, Candace	Documents with you at witness stand?
1:36:37 PM	Chairman Chandler Note: Sacre, Candace	Questions?
1:36:44 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	Cross Examination. Refer to Response Staff Third Request, Items 30 - 32, explain how Delta report farm tap revenue separately once served under separate tariff?
1:37:40 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	Farm tap customers, three stacks, not on Delta own transmission/distribution lines, have contracts any owners gathering lines service customers?
1:38:19 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	Know if Delta purchases gas to service customers?
1:38:35 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	Delta pay anyone for gas customers use?
1:38:56 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	Requirement applicants provide photo ID and SSN or drivers license number, use run credit check?
1:39:20 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	Another witness?

1:39:44 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	Aware of instances service refuse applicant refuse/inability provide SSN or drivers license?
1:40:10 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	SSN, last four digits, drivers license, what information accept in lieu of those documents?
1:41:23 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	Not aware of any circumstance?
1:41:28 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	What other types of identification in lieu of photo ID?
1:41:56 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	If refuse service applicant failed provide photo ID or other required information, explain information given to applicant in regard right to file complaint with Commission?
1:42:25 PM	Asst Gen Counsel Frederick PSC - witness Schroeder Note: Sacre, Candace	Examples of times when Delta does provide applicants with information how filed complaint with Commission?
1:42:43 PM	Chairman Chandler Note: Sacre, Candace	Questions?
1:42:55 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	Examination. Providing a drivers license required for service?
1:43:27 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	Delta perspective required as a term of service have to provide drivers license?
1:43:44 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	Term of service company deny utility if person fails to provide?
1:44:40 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	Certain terms of service all utilities deny utility service if customer fails to do something, in tariff not a denial of service type response, inability to provide photo ID type of term serves as basis as denial for utility services?
1:45:52 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	Have to provide phone number?
1:46:03 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	Fourth Round, Item 2, Tab 4 Application, page 23 of 50, states phone number is required, from term "required," in sense service denied phone number not provided?
1:46:34 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	Tariffs serve as basis rules obligations, want to make sure, looking at response, column required and optional, reading (click on link for further comments), in column of required customers on notice rules/regulations apply to what is company's rights if customer not provide one of these things identified required?
1:47:56 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	Sets forth terms of service, customer knows if showing photo ID required for service?
1:48:56 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	Sign up for utility service, these things are required, under impression do not have not get service, actually required or preferred, how work around?
1:50:22 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	Not a situation Delta has encountered, Delta denied service lack of ID or provide photo ID?
1:50:40 PM	Chairman Chandler - witness Schroeder Note: Sacre, Candace	No one asked for service and not have photo ID?

1:50:49 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Somebody in house that has photo ID?
1:51:08 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Hear question to Morphew difference rights of way costs accounted for even if all capitalized?
1:51:29 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Cost for right of way, enter into agreement, Delta paid \$5,000, \$5,000 capitalized?
1:51:45 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	When capitalized?
1:52:19 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Utility plant in service, one bucket, \$5,000 consulting, also goes into KWIP?
1:52:43 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Depreciated differently?
1:52:54 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Land doesn't depreciate, nonland property all depreciated?
1:53:13 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Data request, wanted to know differentiation between actual acquisition of real property verse other costs, differentiation would be land not depreciated?
1:53:54 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Difference between hundreds of thousands right of way verse money paid to landowners for rights of way, differences between two, latter not depreciated?
1:54:24 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	What is Robert Half?
1:55:03 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Single professional?
1:55:12 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	What services providing in this case?
1:56:00 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Worked on other rate cases?
1:56:05 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	How overall cost to date compare to other rate cases?
1:56:21 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	\$800,000 surprise you?
1:56:35 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Single person from Robert Half, in excess of \$100,000, full-time job working on rate case?
1:57:10 PM	Chairman Chandler - witness Schroeder	
	Note: Sacre, Candace	Engaged prior to you coming to Delta in May?
1:57:27 PM	Chairman Chandler	
	Note: Sacre, Candace	Redirect?
1:57:30 PM	Atty Willoughby Delta - witness Schroeder	
	Note: Sacre, Candace	Redirect Employee. Employee with Robert Half what is occupation?
1:58:01 PM	Chairman Chandler	
	Note: Sacre, Candace	Witness excused.
1:59:03 PM	Chairman Chandler	
	Note: Sacre, Candace	Next witness?
1:59:06 PM	Atty Braun Delta	
	Note: Sacre, Candace	William Packer, Jr.
1:59:13 PM	Chairman Chandler	
	Note: Sacre, Candace	Witness is sworn.

1:59:21 PM	Chairman Chandler - witness Packer Note: Sacre, Candace	Examination. Name and address?
1:59:34 PM	Atty Braun Delta - witness Packer Note: Sacre, Candace	Direct Examination. Employer?
1:59:36 PM	Atty Braun Delta - witness Packer Note: Sacre, Candace	Title?
1:59:49 PM	Atty Braun Delta - witness Packer Note: Sacre, Candace	Direct testimony?
1:59:51 PM	Atty Braun Delta - witness Packer Note: Sacre, Candace	Responses?
1:59:54 PM	Atty Braun Delta - witness Packer Note: Sacre, Candace	Corrections?
2:00:00 PM	Atty Braun Delta - witness Packer Note: Sacre, Candace	Materials to stand?
2:00:07 PM	Chairman Chandler Note: Sacre, Candace	Questions?
2:00:13 PM	Asst Gen Counsel Frederick PSC - witness Packer Note: Sacre, Candace	Cross Examination. Response AG First, Item 88(d), explained balance of excess deferred taxes included non-base excess deferred taxes, confirm Delta base period update not include adjustment?
2:00:14 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST GEN COUNSEL FREDERICK PSC - WITNESS PACKER CONFIRM DELTA BASE PERIOD UPDATE NOT INCLUDE NON-BASE EXCESS DEFERRED TAXES ADJUSTMENT
2:01:18 PM	Asst Gen Counsel Frederick PSC - witness Packer Note: Sacre, Candace	Rebuttal, common equity from 51.76 percent to 50 percent, made by AG witness Baudino, unreasonable, commitments made Case 2018-00369, consistent with other gas utilities, correct reflection of rebuttal?
2:01:56 PM	Asst Gen Counsel Frederick PSC - witness Packer Note: Sacre, Candace	Stipulation includes balance of common equity 51.72 percent?
2:02:05 PM	Asst Gen Counsel Frederick PSC - witness Packer Note: Sacre, Candace	Explain why Delta agreed lower equity balance from 51.76 percent to 51.72 percent?
2:02:51 PM	Asst Gen Counsel Frederick PSC - witness Packer Note: Sacre, Candace	If were to ask why agreed to increase short-term debt balance from zero to 1.76 percent, answer same?
2:03:17 PM	Asst Gen Counsel Frederick PSC - witness Packer Note: Sacre, Candace	Why Delta choose reduce long-term debt balance by almost entire 1.76 percent?
2:03:53 PM	Asst Gen Counsel Frederick PSC - witness Packer Note: Sacre, Candace	Believe proposed adjustments supportive of forecasted financials?
2:04:03 PM	Asst Gen Counsel Frederick PSC - witness Packer Note: Sacre, Candace	Post-hearing data request provide complete capital structure, including balances of each component, percent of total of each balance, cost rates, and the 13-month average cost rates.
2:04:04 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST GEN COUNSEL FREDERICK PSC - WITNESS PACKER PROVIDE COMPLETE CAPITAL STRUCTURE, INCLUDING REQUESTS SET FORTH ABOVE
2:04:25 PM	Chairman Chandler Note: Sacre, Candace	Questions?
2:04:35 PM	Chairman Chandler - witness Packer Note: Sacre, Candace	Examination. Heard discussions today farm tap customers?

2:05:02 PM	Chairman Chandler - witness Packer Note: Sacre, Candace	Acquired 40 years ago, three systems, LDC customers, how company treat ADIT related to assets that serve farm cap customers as opposed to serves LDC customers?
2:05:50 PM	Chairman Chandler - witness Packer Note: Sacre, Candace	Comingled with regulated rate base?
2:06:02 PM	Chairman Chandler - witness Packer Note: Sacre, Candace	Keep different books farm tap customers and LDC customers?
2:06:10 PM	Chairman Chandler - witness Packer Note: Sacre, Candace	Assets being depreciated combined basis?
2:06:20 PM	Chairman Chandler - witness Packer Note: Sacre, Candace	Aware have stratification of detail determine what assets dedicated to certain farm tap customers verse LDC customers?
2:06:38 PM	Chairman Chandler - witness Packer Note: Sacre, Candace	For tax purposes, any differentiation way claim accelerated depreciation between farm tap property and LDC customer property?
2:07:19 PM	Chairman Chandler - witness Packer Note: Sacre, Candace	Company books treats meters and regulators for certain category farm tap customers, treats that as contribution in aid of construction?
2:07:57 PM	Chairman Chandler Note: Sacre, Candace	Witness is excused.
2:08:05 PM	Chairman Chandler Note: Sacre, Candace	Next witness?
2:08:08 PM	Atty Braun Delta Note: Sacre, Candace	Paul Moul.
2:08:34 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
2:08:41 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Examination. Name and address?
2:08:56 PM	Atty Braun Delta - witness Moul Note: Sacre, Candace	Direct Examination. File direct testimony?
2:09:06 PM	Atty Braun Delta - witness Moul Note: Sacre, Candace	File rebuttal?
2:09:12 PM	Atty Braun Delta - witness Moul Note: Sacre, Candace	Data responses?
2:09:23 PM	Atty Braun Delta - witness Moul Note: Sacre, Candace	Data responses D'Ascendis sponsored, adopt?
2:09:35 PM	Atty Braun Delta - witness Moul Note: Sacre, Candace	Changes or correction?
2:09:46 PM	Chairman Chandler Note: Sacre, Candace	Questions?
2:09:53 PM	Asst Gen Counsel Frederick PSC - witness Moul Note: Sacre, Candace	Cross Examination. Discussion with Brown ROEs replacement riders?
2:10:06 PM	Asst Gen Counsel Frederick PSC - witness Moul Note: Sacre, Candace	Agree riders based on forecasted expenses reduce lag and thus risk?
2:10:28 PM	Asst Gen Counsel Frederick PSC - witness Moul Note: Sacre, Candace	Stay-out increase risks?
2:10:36 PM	Asst Gen Counsel Frederick PSC - witness Moul Note: Sacre, Candace	Agree PRP lowers risk and increases timeliness of cost recovery?
2:11:24 PM	Chairman Chandler Note: Sacre, Candace	Questions?

2:11:42 PM	Vice Chairman Cabbage - witness Moul Note: Sacre, Candace	Examination. Capital recovery riders, PRP basis points taken off ROE, view on that and whether damage to whole structure of settlement proposed?
2:14:30 PM	Chairman Chandler Note: Sacre, Candace	Questions?
2:14:36 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Examination. Read final order in 2010 matter?
2:15:01 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Three of things Delta cited for differences in needing different ROE than other utilities Value Line, page 20, reading (click on link for further comments), what makes small utility riskier?
2:16:31 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Primary driver of assertion?
2:17:05 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Apply to Delta eleven years ago, agree less of case today?
2:18:02 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Substantially rural service territory, expansion of service territory in Nicholasville?
2:18:26 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	If rural utility begin expand growing areas, would reduce risk continuing to serve rural territory?
2:19:03 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Third reason provided, low equity ratio, agree not necessarily case today?
2:20:09 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Amount stipulated revenue requirement based on still higher than 48.1 percent for gas group?
2:20:26 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Aware Hope and Bluefield Supreme Court cases?
2:20:49 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Under federal standard just and reasonable, requirement look at returns on investments of same risk in same general area, your understanding requirements of Hope?
2:21:33 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Businesses for companies relative risk to those of utility?
2:22:07 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	CAPM include risk in calculation through inclusion of beta?
2:22:43 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	How DCF analysis take into account consideration of risk?
2:23:16 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Not necessarily direct input like in CAPM, effectively assumed investor required return inherent in stock price used to calculate dividend yield?
2:23:38 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Inherent in stock price expected growth?
2:23:49 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Figuring cost of capital, perfect information to shareholders, what risk is in determination of stock price that given time?
2:24:20 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Shareholders tell us what using, have position whether shareholders overwhelmingly depend on one particular methodology?
2:25:24 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Any literature states forecasted interest rates more likely than using current interest rates ex ante?

2:26:01 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Any literature indicate shareholders believe more likely forecasted interest rates come about using more than historical interest rates?
2:26:38 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Fact exist determines whether people depending on them?
2:27:13 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Taught classes on corporate finance evaluation?
2:27:30 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	Not just what people use, have inkling which methodologies taught to people go out and do this, one methodology over another?
2:29:14 PM	Chairman Chandler - witness Moul Note: Sacre, Candace	What basis for expectation shareholders calculating CAPMs with leveraged betas?
2:30:36 PM	Chairman Chandler Note: Sacre, Candace	Questions?
2:30:40 PM	Chairman Chandler Note: Sacre, Candace	Witness excused.
2:30:57 PM	Chairman Chandler Note: Sacre, Candace	Call next witness.
2:31:29 PM	Atty Braun Delta Note: Sacre, Candace	William Steven Seelye.
2:31:32 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
2:31:39 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Examination. Name and address?
2:31:55 PM	Atty Braun Delta - witness Seelye Note: Sacre, Candace	Direct Examination. File direct testimony?
2:32:00 PM	Atty Braun Delta - witness Seelye Note: Sacre, Candace	Rebuttal?
2:32:04 PM	Atty Braun Delta - witness Seelye Note: Sacre, Candace	Sponsor data requests?
2:32:08 PM	Atty Braun Delta - witness Seelye Note: Sacre, Candace	Changes or corrections?
2:32:13 PM	Atty Braun Delta - witness Seelye Note: Sacre, Candace	Documents bring to stand?
2:32:31 PM	Asst Gen Counsel Frederick PSC - witness Seelye Note: Sacre, Candace	Cross Examination. Nonrecurring charge revenue forecast, why company based on linear regression analysis?
2:34:12 PM	Asst Gen Counsel Frederick PSC - witness Seelye Note: Sacre, Candace	Company believe how forecasted nonrecurring appropriate?
2:35:22 PM	Asst Gen Counsel Frederick PSC - witness Seelye Note: Sacre, Candace	Expect level of reconnection/collection charge revenue back to pre-2019 levels in 2022 and beyond?
2:36:16 PM	Asst Gen Counsel Frederick PSC - witness Seelye Note: Sacre, Candace	Agree as proposed 52 percent increase placed upon residential class?
2:36:59 PM	Asst Gen Counsel Frederick PSC - witness Seelye Note: Sacre, Candace	Agree approximately 41 percent overall increase placed on residential class in settlement?
2:38:02 PM	Asst Gen Counsel Frederick PSC - witness Seelye Note: Sacre, Candace	Explain why percent increase allocated residential class lowered from over 52 to 41 percent?



2:39:08 PM	Asst Gen Counsel Frederick PSC - witness Seelye Note: Sacre, Candace	Explain how balance revenue increase allocated remaining nonresidential classes?
2:40:11 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST GEN COUNSEL FREDERICK PSC - WITNESS SEELYE COST OF SERVICE STUDY BASED UPON STIPULATION AND CLASS RATE OF RETURNS BASED UPON STIPULATION, INCLUDING NOTES BELOW
2:40:11 PM	Asst Gen Counsel Frederick PSC - witness Seelye Note: Sacre, Candace	Post-hearing data request COSS based upon stipulation, class rate of returns based upon stipulation.
2:40:51 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Examination. Updated COSS show relative rate of returns or just actual rates of return?
2:41:05 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Show relative to system returns and each class individual return as percentage basis, off to side, each class' return relative to system return?
2:41:47 PM	Asst Gen Counsel Frederick PSC - witness Seelye Note: Sacre, Candace	Cross Examination (cont'd). Prepared answer questions about farm taps?
2:41:58 PM	Asst Gen Counsel Frederick PSC - witness Seelye Note: Sacre, Candace	Aware contractual agreements operators gathering lines/wells provide service farm tap customers?
2:42:35 PM	Asst Gen Counsel Frederick PSC - witness Seelye Note: Sacre, Candace	Delta does procure gas?
2:43:10 PM	Chairman Chandler Note: Sacre, Candace	Questions?
2:43:17 PM	Vice Chairman Cabbage - witness Seelye Note: Sacre, Candace	Examination. Allocation of revenue increase across rate classes, determined slightly less than ten percent to residential class and rest prorated?
2:44:02 PM	Vice Chairman Cabbage - witness Seelye Note: Sacre, Candace	Little less than 10 percent increase allocated to residential, rest allocated relative percentages asked in application?
2:44:48 PM	Vice Chairman Cabbage - witness Seelye Note: Sacre, Candace	How 9.94 percent to residential arrived at?
2:45:28 PM	Vice Chairman Cabbage - witness Seelye Note: Sacre, Candace	In opinion, fair just and reasonable result, this allocation?
2:46:36 PM	Chairman Chandler Note: Sacre, Candace	Questions?
2:46:45 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Examination. Cash working capital outlay of investors fund ongoing cash needs of organization?
2:47:21 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Lead-lag study attempts try determine additional investment being made to fund cash needs or receipt income greater rate than cash going out and not additional cash investment needs?
2:48:04 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	All about leads and lags, leads money coming in door, lags money going out?
2:48:26 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Leads is opposite, get paid before provide service?
2:49:03 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Conducted lead-lag study in this case?

2:49:45 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Did lead-lag study?
2:49:57 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Does one-eighth methodology assume cash working capital investment necessary?
2:50:15 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Lead-lag study indicate company required to make investment fund cash working capital?
2:50:22 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Not only not required make investment, leads outpacing lags came out negative cash working capital need, how characterize negative cash working capital amount?
2:51:26 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	One-eighth methodology assumes investment made?
2:51:38 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Nonregulated business, show up organically, whatever required is what financed, in ratemaking customers rate based off return, needs to be more specific?
2:53:32 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Capitalization for rate of return for utility not necessarily define cash working capital?
2:53:55 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Just looking at amount total have invested?
2:54:23 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	If had lead-lag study showed positive amount and used capitalization, already includes whatever lead is, had lead-lag study and negative amount, capitalization just be reflected in total capitalization?
2:55:03 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Not have to make investment, benefit of excess leads?
2:55:11 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Delta use capitalization for determination of revenue requirement stipulation?
2:55:31 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Post-hearing data request, in settlement, for settlement revenue requirement, provide reconciliation for revenues between rate base and capitalization?
2:55:32 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	CHAIRMAN CHANDLER - WITNESS SEELYE FOR SETTLEMENT REVENUE REQUIREMENT, PROVIDE RECONCILIATION FOR REVENUES BETWEEN RATE BASE AND CAPITALIZATION
2:56:28 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Seem to take issue with AG witness proposal rate base be reduced in accordance with lead-lag study?
2:57:44 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Moul described proposal as unfair, even knowing lead-lag study show, company not being required invest, rebuttal still be able to include one-eighth methodology amount for investment not making and return is applied to?
2:59:00 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Not only now know based off lead-lag study not investing at one-eighth, negative amount came out of study, why fair just reasonable that customers pay return on investment company not making?

3:01:01 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	If have evidence not making investment at one-eighth, not making any investment at all, why reasonable for customers pay return on investment company not making?
3:01:36 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	What correlation actual cash working capital and 12 percent of O&M?
3:02:50 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Agree rate base and capitalization both correlation to actual investments made to serve public?
3:03:03 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	One is constant, one-eighth is always 12 -1/2 percent, one-eighth of O&M?
3:03:20 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Agree only correlation that cash working capital on one-eighth methodology relates to cash working capital is cash working capital funds operation and maintenance expenses?
3:03:47 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Relationship between cash working capital (inaudible)?
3:04:00 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Watching earlier asking Brown questions PRP?
3:04:05 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Know when 12 months of most recent PRP, not had true-up yet, over what 12 months mechanism run?
3:04:21 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Calendar year PRP filing?
3:04:46 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Any indication from company what of greater importance/concern, entirety of capital recovered or billing determinates not necessarily in line?
3:05:27 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	When rates set to go into effect, when suspension period end?
3:05:56 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Suspension ended Jan 2 or 3 little or no consequence to revenue requirement?
3:06:25 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	Lead-lag study, how long take conduct study, how involved lead-lag study is?
3:10:08 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	50 to 60 hours?
3:10:31 PM	Chairman Chandler - witness Seelye Note: Sacre, Candace	As long as receipts not in shoebox?
3:10:44 PM	Chairman Chandler Note: Sacre, Candace	Questions?
3:10:46 PM	Chairman Chandler Note: Sacre, Candace	Witness excused.
3:11:00 PM	Chairman Chandler Note: Sacre, Candace	Recall Mr. Brown?
3:11:59 PM	Chairman Chandler Note: Sacre, Candace	Remind still under oath.
3:12:11 PM	Chairman Chandler Note: Sacre, Candace	Direct?
3:12:17 PM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Direct Examination. Talking about farm tap and meter kits, meter included in kit?

3:12:36 PM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Recross Examination. Delta employees and internal controls make visit to disconnect nonpayment, if customer paid cash, anything to add?
3:13:48 PM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Explain financial benefit Delta receives for providing farm tap service customers located within one-half air mile another operator gathering line?
3:14:34 PM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Delta cost to serve farm tap customers, how cost relate to cost to serve regular distribution customers?
3:15:35 PM	Asst Gen Counsel Frederick PSC - witness Brown Note: Sacre, Candace	Delta procure gas to serve those farm tap customers?
3:16:55 PM	Chairman Chandler Note: Sacre, Candace	Questions?
3:17:05 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Examination. Lines run out of production, Delta stop serving?
3:17:19 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Also apply to lines transportation lines?
3:18:08 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Talking earlier farm tap customers contributing to fixed costs of utility, talking particular subset farm tap customers?
3:18:39 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Does Delta believe farm tap customers utility customers?
3:18:58 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	ADIT related to farm taps, different books for farm tap property?
3:19:45 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Like meters, meters are meters, group accounting?
3:19:51 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	For tax purposes, same thing?
3:19:58 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	What about Vinland group?
3:20:10 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Delineate Pikeville for books purposes but not remainder of customers?
3:20:19 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	How treat excess ADIT those particular groups farm taps?
3:20:34 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Differences in book and tax depreciation related accelerated depreciation Pikeville system for those assets?
3:20:45 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Excess ADITs reflected as offset to rate base utility books ratemaking purposes?
3:21:02 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	File consolidated tax return for all assets?
3:21:19 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Contributions in aid of construction, carry any payment meter kits previously paid on books as contribution in aid of construction?
3:21:49 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Not book construction, rate base netted whatever contribution was verse whatever capital outlay was?
3:22:52 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Heard Morphew Delta treats regulator as own property?

3:23:36 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Insofar as get additional customers for farm tap, intention tariff make clear is/is not customer responsibility?

3:24:05 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace For gas Delta transports on own system, naturally odorized?

3:24:33 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Particular reason add odorant to line?

3:25:00 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Even if not farm tap customers on line, line will require odorant anyway?

3:25:53 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Response Staff Fifth, you, Morphey, and counsel, Staff 5-1, reading (click on link for further comments), not propose anything different in this case, Commission be investigating farm tap rates otherwise?

3:28:03 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Not proposing treat inherently different in this case?

3:28:18 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace But no farm tap customers have already?

3:28:31 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Proposing separate rate farm tap customers being served off which systems?

3:28:44 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Remaining customers considers be farm tap customers being proposed to be charged which rate?

3:29:06 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Charged rate residential LDC customers charged?

3:29:19 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Delta still waiting for Commission investigate reasonableness farm tap rates?

3:29:34 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Not waiting for another shoe drop, waiting for investigation on this, regardless what happens this case expect have investigation, not your response?

3:29:55 PM Atty Braun Delta  
Note: Sacre, Candace Weigh in, not testify. (Click on link for further comments.)

3:30:59 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Entirely comfortable with farm tap customers and Delta LDC customers?

3:32:19 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Outside of this room, people at Delta, people scattered all over state, how many know once gas stops flowing no service obligation?

3:32:54 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Been there 26 years, customers different LDC customers, service obligation to LDC customers?

3:33:12 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Not case for farm tap customers?

3:33:18 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Notice, tariff, whatever, any experience at Delta customers find out just farm tap customers, gas stops running not be served any more, concern?

3:34:57 PM Chairman Chandler - witness Brown  
Note: Sacre, Candace Five or six instances, somebody gave notice gas stop flowing, told not gas customers, none of them knew not ordinary gas customers, have expectation five-year capital plan convert any of these farm tap customers into utility customers?

3:37:02 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Have intention acquiring additional farm tap customers any time soon?
3:37:58 PM	Chairman Chandler - witness Brown Note: Sacre, Candace	Exception of Pikeville, all production ended all lines farm tap customers, able backfeed any/all those lines?
3:38:33 PM	Chairman Chandler Note: Sacre, Candace	Questions?
3:38:39 PM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Redirect Examination. Response, Staff Fifth Request, Item 3, familiar with Response?
3:39:16 PM	Atty Braun Delta - witness Brown Note: Sacre, Candace	First group customers those served from Delta transmission lines, high-distribution lines, or gathering lines?
3:39:32 PM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Customers taking that type service migrated to farm tap tariff?
3:39:38 PM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Able maintain service these customers be loss of supply on line currently served from?
3:39:50 PM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Second group Vinland?
3:39:58 PM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Proposing move these customers, think heard 290, be moved to farm tap tariff?
3:40:10 PM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Delta may not be able to maintain service to these customers?
3:40:22 PM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Final group, Peoples Gas of Kentucky?
3:40:30 PM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Customers in this area be migrated to farm tap tariff?
3:40:37 PM	Atty Braun Delta - witness Brown Note: Sacre, Candace	Able backfill gas to those customers in case loss of supply?
3:41:16 PM	Chairman Chandler Note: Sacre, Candace	Witness excused.
3:41:20 PM	Chairman Chandler Note: Sacre, Candace	Additional witnesses?
3:41:26 PM	Chairman Chandler Note: Sacre, Candace	Recess, be back 3:45.
3:41:48 PM	Session Paused	
3:51:58 PM	Session Resumed	
3:52:11 PM	Chairman Chandler Note: Sacre, Candace	Back on the record in 2021-00185.
3:52:23 PM	Chairman Chandler Note: Sacre, Candace	Mr. West, any witnesses?
3:52:30 PM	Asst Atty General West Note: Sacre, Candace	Richard Baudino.
3:52:32 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
3:52:56 PM	Chairman Chandler - witness Baudino Note: Sacre, Candace	Examination. Name and address?
3:53:12 PM	Asst Atty General West - witness Baudino Note: Sacre, Candace	Direct Examination. Occupation?
3:53:21 PM	Asst Atty General West - witness Baudino Note: Sacre, Candace	Cause direct testimony be filed?

3:53:28 PM	Asst Atty General West - witness Baudino Note: Sacre, Candace	Additions or corrections?
3:53:57 PM	Asst Atty General West - witness Baudino Note: Sacre, Candace	In footnote, cost of capital, except page number error?
3:54:07 PM	Asst Atty General West Note: Sacre, Candace	Can file updated version, if like.
3:54:12 PM	Chairman Chandler Note: Sacre, Candace	As Baudino trying to find, my thought. (Click on link for further discussion.)
3:55:03 PM	Asst Atty General West - witness Baudino Note: Sacre, Candace	Sponsor responses?
3:55:09 PM	Asst Atty General West - witness Baudino Note: Sacre, Candace	If asked same questions, answers be same?
3:55:16 PM	Asst Atty General West - witness Baudino Note: Sacre, Candace	Adopt written direct as testimony?
3:55:31 PM	Asst Gen Counsel Frederick PSC - witness Baudino Note: Sacre, Candace	Cross Examination. Supported lower ROE pipe replacement program than overall operation, explain reasoning?
3:56:32 PM	Asst Gen Counsel Frederick PSC - witness Baudino Note: Sacre, Candace	Still apply though settlement not contain provision?
3:56:43 PM	Asst Gen Counsel Frederick PSC - witness Baudino Note: Sacre, Candace	Riders based on forecasted expenses reduce regulatory lag and thus reduce risk?
3:56:54 PM	Asst Gen Counsel Frederick PSC - witness Baudino Note: Sacre, Candace	Agree stay-out provisions increase risk?
3:57:13 PM	Asst Gen Counsel Frederick PSC - witness Baudino Note: Sacre, Candace	PRP lowers risk and increases timeliness of cost recovery?
3:57:28 PM	Asst Gen Counsel Frederick PSC - witness Baudino Note: Sacre, Candace	Capital structure, propose lower equity balance 1.76 percent, increase short-term debt balance by 1.76 percent?
3:57:43 PM	Asst Gen Counsel Frederick PSC - witness Baudino Note: Sacre, Candace	Explain why proposed adjustment?
3:58:38 PM	Chairman Chandler Note: Sacre, Candace	Questions?
3:58:41 PM	Vice Chairman Cabbage - witness Baudino Note: Sacre, Candace	Examination. Delta witness on ROE appropriate same ROE riders as general rate, remember?
3:59:16 PM	Vice Chairman Cabbage - witness Baudino Note: Sacre, Candace	What be response basis stated?
4:00:15 PM	Vice Chairman Cabbage - witness Baudino Note: Sacre, Candace	Other factors, market factored lower risk, another be double hit, other because of that forcing to come in quicker new rate case ask roll in rider to rate base, any response to those?
4:02:16 PM	Chairman Chandler Note: Sacre, Candace	Questions?
4:02:22 PM	Chairman Chandler - witness Baudino Note: Sacre, Candace	Examination. You or Moul provide anything indicated distribution within proxy group used forecasted test period, gas costs, riders, distribution of cost recovery mechanisms within proxy group?
4:03:25 PM	Chairman Chandler - witness Baudino Note: Sacre, Candace	Say already considered in proxy group, reduced risk PRP already reflected, agree looking at proxy group determine have those mechanisms prudent in order to make determination.
4:03:55 PM	Chairman Chandler Note: Sacre, Candace	Redirect?

4:04:01 PM	Asst Atty General West - witness Baudino Note: Sacre, Candace	Redirect Examination. Your opinion, stipulation implement rates which allow reasonable return on equity?
4:04:22 PM	Asst Atty General West - witness Baudino Note: Sacre, Candace	Support stipulation?
4:04:29 PM	Chairman Chandler Note: Sacre, Candace	Anything else?
4:04:35 PM	Chairman Chandler Note: Sacre, Candace	Witness excused.
4:04:45 PM	Chairman Chandler Note: Sacre, Candace	Post-hearing data requests. (Click on link for further comments.)
4:05:47 PM	Chairman Chandler Note: Sacre, Candace	Brief, additional items. (Click on link for further comments.)
4:09:39 PM	Chairman Chandler Note: Sacre, Candace	Scheduling discussion. (Click on link for further comments.)
4:10:04 PM	Chairman Chandler Note: Sacre, Candace	Briefing schedule. (Click on link for further comments.)
4:11:29 PM	Chairman Chandler Note: Sacre, Candace	Anything else?
4:11:37 PM	Chairman Chandler Note: Sacre, Candace	Hearing adjourned.
4:11:46 PM	Session Ended	



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