

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DELTA	)	
NATURAL GAS COMPANY, INC. FOR A	)	
CERTIFICATE OF PUBLIC CONVENIENCE AND	)	CASE NO.
NECESSITY TO CONSTRUCT A PIPELINE TO	)	2022-00085
SERVE THE CITIES OF NICHOLASVILLE AND	)	
WILMORE	)	

COMMISSION STAFF'S FIRST 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 June 7, 2022. The Commission directs Delta to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> 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

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<sup>1</sup> 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 testimony of Jonathan Morpew (incorporated from Case No. 2021-00185<sup>2</sup> by reference)(2021-00185 Morpew Testimony),<sup>3</sup> page 9, lines 17–20.

a. Provide any documentation or information supporting the \$1 million estimated cost of upgrading Nicholasville transmission lines to address capacity bottlenecking issues.

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<sup>2</sup> 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*.

<sup>3</sup> Order (Ky. PSC Apr. 13, 2022).

b. Provide any documentation, studies, reports, complaints, or other information referencing Nicholasville transmission capacity bottlenecking issues.

2. Refer to plans and specifications appended to Application (incorporated from Case No. 2021-00185 by reference).

a. Identify any alternative designs or material that could be used for the proposed project.

b. Provide the estimated costs and useful lives of alternative pipeline designs or materials identified in the response to 2(a) above.

3. Provide any company policies or regulatory compliance plans regarding redundancy requirements for gas transmission pipelines.

4. Refer to the Application, paragraph 8. Provide a list of entities from which permits need to be acquired and an estimated timeline of applying for and receiving these permits.

5. Refer to the Direct Testimony of Jonathan Morphew (Morphew Direct Testimony), page 3, lines 6-8. Provide an annual number of customers in the Jessamine County/Nicholasville area for the last ten years.

6. Refer to the Morphew Direct Testimony, page 3, lines 10–11. For the past five years, provide the incidences of capacity constraints and bottleneck in Delta's system and how the incident was resolved.

7. Refer to the Morphew Direct Testimony, page 6, lines 9–10. Provide the forecast of customers and annual usage that Delta expects will tap onto the proposed transmission pipeline.

8. Refer to the Morphew Direct Testimony, Exhibit JM-2. Given the recent surge in inflation and supply chain issues, explain whether Delta anticipates a change to the proposed budget.

9. Provide all studies Delta performed supporting the proposed project, including any cost-benefit analysis of the new pipeline.

10. Provide specific examples of any safety issues, operational situations involving lack of redundancy availability, or capacity (low pressure) incidents that have factored into the need for the proposed project.

11. Refer to 2021-00185 Morphew Testimony, page 5, line 10, Delta's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 18;<sup>4</sup> Delta's response to Commission Staff's Third Request for Information, Item 9:<sup>5</sup>

a. Provide any communications (written or oral) with both Columbia Gas of Kentucky, Inc. (Columbia Kentucky) and Louisville Gas and Electric Company (LG&E) concerning Delta's attempts to negotiate a tap into their pipelines which would have eliminated the need to construct the pipeline requested in this case.

b. State whether Delta has made any subsequent attempts to contact either Columbia Kentucky since February 2021 or LG&E since April 2021, to ask for reconsideration of Delta's proposal to tap into their pipelines, given that it has been over one year since such proposals were declined.

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<sup>4</sup> 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*, Delta's Responses to Commission Staff's Second Request for Information (filed July 28, 2021).

<sup>5</sup> 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*, Delta's Responses to Commission Staff's Third Request for Information (filed Sept. 8, 2021)

c. If Delta has not made any such attempts, state why.

12. Refer to Morphew Direct Testimony, page 6, line 11 regarding the estimated annual cost of operation of the proposed pipeline of \$16,050, and the statement that this estimate “does not include depreciation, property tax expense, insurance, and financing expenses.”

a. State whether Delta has made any estimates as to how much these items will increase the estimated annual cost of operation.

b. State why these items were not included in the estimated annual cost.

13. Refer to Delta’s response to Staff’s Second Request, Item 15(b),<sup>6</sup> as well as 2021-00185 Morphew Testimony, pages 4–5.

a. State what the present expected timeline is for completion of the Nicholasville Project.

b. State why Delta’s response to Staff’s Second Request, Item 15(b)<sup>7</sup> states that the timeline for the Nicholasville Project was being extended through 2025, with amounts budgeted of “\$2,564,005 in 2023 for all metering and regulating station construction and tap fees associated with the purchase station facilities, \$7,541,825 in 2024 for construction of one-half of the Nicholasville Project, and \$7,541,825 in 2025 for construction of the remaining half of the Nicholasville Project”, yet the Morphew Direct

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<sup>6</sup> 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*, Delta’s Responses to Commission Staff’s Second Request for Information (filed July 28, 2021).

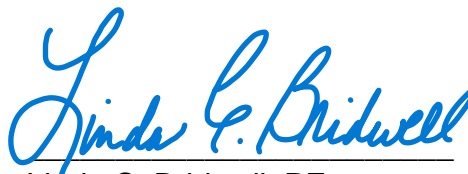
<sup>7</sup> Case No. 2021-00185, *Electronic Application of Delta Natural Gas Company, Inc. for an Adjustment of Its Rates and a Certificate of Public Convenience and Necessity*, Delta’s Responses to Commission Staff’s Second Request for Information (filed July 28, 2021).

Testimony, pages 4–5, states that “Delta hopes to complete the pipeline by the end of the construction season in 2024.”

c. If the timeline for completion of the project has been advanced from 2025 to 2024, explain the reasons for advancement.

d. If the timeline for completion of the project has been advanced from 2025 to 2024, explain how that affects the amounts of the annual budgets for the years 2023-24 as compared to the amounts stated in Delta’s response to Staff’s Second Request, Item 15(b)<sup>8</sup> for the years 2023-25.

14. State whether Delta intends to recapture the cost of the Nicholasville Project in a future rate case.



Linda C. Bridwell, PE  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED   MAY 20 2022  

cc: Parties of Record

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<sup>8</sup> 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*, Delta’s Responses to Commission Staff’s Second Request for Information (filed July 28, 2021).

\*John B Brown  
Chief Financial Officer  
Delta Natural Gas Company, Inc.  
3617 Lexington Road  
Winchester, KY 40391

\*Mary Ellen Wimberly  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KENTUCKY 40507-1801

\*Monica Braun  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KENTUCKY 40507-1801

\*Delta Natural Gas Company, Inc.  
3617 Lexington Road  
Winchester, KY 40391