

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT	)	CASE NO.
FILING OF DELTA NATURAL GAS COMPANY,	)	2024-00318
INC.	)	

ORDER

On September 27, 2024, Delta Natural Gas Company, Inc. (Delta) filed its proposed unified Gas Cost Recovery (GCR) rate report to be effective October 27, 2024. On February 22, 2021, the transfer of ownership of Peoples Gas KY, LLC (Peoples) to Delta was consummated following the closing of Case No. 2020-00346.<sup>1</sup> Delta's previous consolidated GCR rate was approved in Case No. 2024-00204.<sup>2</sup>

LEGAL STANDARD

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

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<sup>1</sup> Case No. 2020-00346, *Electronic Application of Essential Utilities, Inc., PNG Companies LLC, Peoples Gas KY LLC, and Delta Natural Gas Company, Inc. for (1) a Declaratory Order and (2) Increase in Rates for Peoples Gas KY LLC* (Ky. PSC Feb. 22, 2021).

<sup>2</sup> Case No. 2024-00204, *Electronic Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc.* (Ky. PSC July 22, 2024).

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates, or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.<sup>3</sup>

### DISCUSSION

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that Delta's unified GCR report includes revised rates designed to pass on to its customers its expected change in gas costs. Delta's unified GCR report sets out an Expected Gas Cost (EGC) of \$3.6200 per Mcf, which is a decrease of \$1.3413 per Mcf from the previous EGC of \$4.9613 per Mcf. Delta's unified GCR rate report sets out a current quarter Actual Cost Adjustment (ACA) of \$0.1273 per Mcf. Delta's total ACA is \$0.1662 per Mcf, which is an increase of \$0.3408 per Mcf from the previous total ACA of (\$0.1746) per Mcf. Delta's unified GCR rate report sets out a current quarter Balancing Adjustment (BA) of (\$0.0290) per Mcf. Delta's total BA is \$0.0002 per Mcf, which is a decrease of \$0.0289 per Mcf from the previous total BA of \$0.0291 per Mcf.<sup>4</sup> Delta's unified GCR report sets out no Refund Adjustment.

Based upon the calculations of the unified GCR rate discussed above, the Commission finds that Delta's unified GCR rate is \$3.7864 per Mcf, which is a decrease of \$1.0294 per Mcf from the previous GCR of \$4.8158 per Mcf. The Commission further

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<sup>3</sup> KRS 278.274(2); KRS 278.274(3)(c), and KRS 278.274(3)(d).

<sup>4</sup> Delta's first quarter BA for the unified system became available following the expiration of the first unified ACA quarter and the roll in of the expired ACA quarter's full year effective period into the reporting period. Delta's total BA currently consists of only two quarterly BA components. Delta is expected to have a full four-quarter total BA component in its GCR rate report with a February 2025 effective period.

finds that the rate set forth in the Appendix to this Order is fair, just and reasonable, and should be approved for service rendered by Delta on and after October 27, 2024.

The Commission finds that for the purpose of transparency and to maintain a record of information for future use, Delta shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. Should Delta purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Delta and set forth in the Appendix to this Order are approved for service rendered on and after October 27, 2024.
2. Delta shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.
3. Should Delta purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount shall be documented in its cover letter to the Commission.
4. Within 20 days of the date of service of this Order, Delta shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.
5. This case is closed and removed from the Commission's docket

PUBLIC SERVICE COMMISSION

  
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Chairman

  
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Commissioner

  
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Commissioner

ENTERED  
OCT 25 2024 AH  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
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Executive Director *Foe*

Case No. 2024-00318

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00318 DATED OCT 25 2024

The following rates and charges are prescribed for the customers in the area served by Delta Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

#### Gas Cost Recovery Rate

The Gas Cost Recovery rate shall be \$3.7864 per Mcf for service rendered on and after October 27, 2024.

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