

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DELTA	)	CASE NO.
NATURAL GAS COMPANY, INC. FOR	)	2024-00353
ISSUANCE OF INDEBTEDNESS	)	

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, shall file with the Commission an electronic version of the following information. The information requested is due on January 28, 2025. 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 or incomplete when made or, though correct or complete when made, is now incorrect or incomplete 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 and scanned 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 Application, paragraph 6. Delta notes that PNG Companies LLC (PNG) will obtain the funds to be lent to Delta from Essential Utilities, Inc. (Essential) in the form of a promissory note between PNG and Essential (Essential Promissory Note), and that Essential will issue the underlying debt in the external debt market. Explain whether the interest rates for the Essential Promissory Note and Delta's promissory note with PNG will be the same as the interest rates Essential obtains from issuing the

underlying debt in the external debt market. If different, explain the difference in a narrative format and provide support for this difference.

2. Refer to the Application, paragraph 5.

a. Explain the benefits of issuing the long-term debt (LTD) in two tranches, rather than a one-lump sum. Include in your response the net present value savings from issuing the LTD in two tranches.

b. Explain whether Delta evaluated the alternative of issuing the full LTD amount of \$34 million between interest rates of 4.0 percent to 5.4 percent. If so, provide the results of that evaluation. If not, explain why not.

c. Provide the expected amortization schedule of both tranches. Include in the response the yearly principal payments, interest expense, and total expense.

3. Refer to the Application, paragraph 5, and Exhibit 3, page 3.


a. Verify Delta's short-term balance as of December 27, 2024. If the balance differs from \$7,041,998, provide the updated current short-term debt balance along with all relevant calculations.

b. Provide the amount of short-term debt that will be refinanced with the promissory note.

c. Provide the purpose of the amount of the \$34 million indebtedness that exceeds the amount of short-term debt that Delta will refinance and explain how the total amount of the proposed note was determined.

d. If the Commission were to approve Delta's proposed financing, provide the capital structure as of December 27, 2024, updated to reflect the new LTD.

4. Refer to the Application, paragraph 5. Refer also to Case No. 2024-00346, Tab 63, page 3 of 3.<sup>2</sup> The application in this case states that the new LTD is expected to be issued on or before June 2026. However, in Case No. 2024-00346, Delta states that the issue date of the new LTD was December 24, 2024, for the first tranche, and the expected issue date is June 2025 for the second tranche. Confirm that the first tranche of \$15.1 million was issued in December 2024, and the second tranche of \$18.9 million is expected to be issued in June 2025. If confirmed, please indicate the Case No. in which Delta received authorization from the Commission to incur this debt. If Delta is unable to provide this information, explain why Delta incurred LTD without Commission approval. If not confirmed, provide the corrected expected dates of issuance.

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

DATED JAN 17 2025

cc: Parties of Record

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<sup>2</sup> Case No. 2024-00346, *Electronic Application of Delta Natural Gas Company, Inc. for an Adjustment of Gas Rates* (filed Nov. 25, 2024).

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