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**Angie Hatton**  
Chair

**Mary Pat Regan**  
Commissioner

**John Will Stacy**  
Commissioner

January 2, 2025

## PARTIES OF RECORD

Re: Case No. 2024-00346

Notice is given to all parties that the attached Delta Natural Gas Informal Conference Memorandum and attendance has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Moriah Tussey, Assistant General Counsel, at [Moriah.Tussey@ky.gov](mailto:Moriah.Tussey@ky.gov).

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell".

Linda C. Bridwell, PE  
Executive Director

Attachment

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File No. 2024-00346  
**FROM:** Moriah Tussey, Asst. General Counsel  
**DATE:** December 27, 2024  
**RE:** Informal Conference of December 17, 2024

Pursuant to an Order issued on December 5, 2024, an informal conference (IC) was conducted on December 17, 2024. Attached is a copy of the attendance roster.

The purpose of the IC was to discuss Delta's application for a general rate adjustment. John Brown, did a short presentation about the application. The presentation is included as part of this filing. The rate base was driven by capital construction budget. Delta tried to adjust the timing of its rate application to better align with the corporate budget. The revenue requirement took into account inflation at a rate of 1%. The rate case expense was estimated to be approximately \$1 million.

Paul Moul then discussed the calculation of the return on equity (ROE). He utilized the guidance in the last case to calculate the ROE.

PNG has a cost allocation manual. Delta does not. In the corporate structure, Essential has a wide variety of utility companies while PNG and Delta are gas only companies.

The parties agreed to schedule a subsequent IC to discuss the cost allocation and COSS.

There being no further discussion, the IC was then adjourned.

cc: Parties of Record

# PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE NUMBER: IC 2024-00346 Delta Natural Gas Co.

LOCATION: Microsoft Teams

DATE: December 17, 2024 1:00pm

NAME	COMPANY
Monica Braun	Stoll Keenon
Mary Ellen Wimberly	Stoll Keenon
Noah Abner	PSC
Jeff Abshire	PSC
Sarah Jankowski	PSC
Ellen Fouser Gormley	PSC
Bentley Jarboe	PSC
Taylor Aubrey	PSC
John Brown	Delta
Paul Moul	P. Moul & Associates
Mitchell Pollard	PSC
Jessica Canfield Norris	PSC
Abdul Odusayna	Delta
Vinay Raju	PSC
Larry Cook	Attorney General

# 2024 Delta Rate Case Technical Conference December 17, 2024





Revenue Requirement		<u>2024-00346</u>		<u>2021-00185</u>		
Rate Base		\$ 180,570,376		\$ 134,146,926		35%
Rate Base Equity %		52.76%		51.71%		2%
Return on Equity		10.95%		9.25%		18%
Rate Base Debt %		47.24%		46.53%		
Cost of Debt		4.51%		4.15%		9%
Equity Return		\$ 10,434,220		\$ 6,326,301		
Income Taxes		2,481,058		1,072,730		
Interest Expense		3,845,087		2,702,501		42%
Depreciation		13,171,785		9,903,030		33%
Purchased Gas		16,227,683		16,227,683	*	
Expenses & TOTI		<u>23,480,950</u>		<u>18,942,305</u>		24%
Net Revenue Requirement		\$ 69,640,783		\$ 55,174,550		
Less: PRP Revenue Requirement		<u>\$ 2,041,918</u>		<u>\$ -</u>		
Base Revenue Requirement		\$ 67,598,865		\$ 55,174,550		
Existing Base Revenue		<u>\$ 56,689,352</u>		<u>\$ 49,677,467</u>	*	
Proposed Rate Increase		<u>\$ 10,909,513</u>		<u>\$ 5,497,083</u>		
Increase Percent		<u>19.02%</u>		<u>11.07%</u>		

\* 2021 Gas Cost adjusted to 2024 level for comparability

# Test Periods and Overall Assumptions

Base Period 6 months actual 6 months budget



Fully Projected Future Test Period



- 2025 Budget (completed October 2025)
- Payroll inflated 1.5% from 2025 budget, assuming 3% annual rate from Calendar 2025 to FPFTP ending June 2026
- Other O&M inflated 1%

# Significant Adjustments

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- Net Revenue—Temperature Adjustment for Months without a WNA increase revenue \$235,000
- Rate Case Amortization—Assume \$333,000 expense for 3 years
- IRS Repairs Project Amortization—Assume \$54,300 expense for 3 years for regulatory asset
- Overheads allocation—Reduce by \$1,107,000 due to projected decrease in construction levels
- Depreciation Expense, Taxes other Than Income taxes calculated based on projected capital construction and payroll

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