

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DELTA)	CASE NO.
NATURAL GAS COMPANY, INC. FOR AN)	2024-00346
ADJUSTMENT OF GAS RATES)	

COMMISSION STAFF'S THIRD 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 31, 2025. The Commission directs Delta to the Commission's July 22, 2021, Order in Case No. 2020-00085¹ 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

¹ 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, Tab 57, page 10 of 14, numbered note (9). Also, refer to Delta's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 1.

- a. Provide any work papers or documentation to support the 1 percent inflation adjustment made to several accounts in the Operations and Maintenance Adjustments sheet and in the response to Staff's Second Request, Item 1.

b. Identify each account where an adjustment based on inflation is made.

2. Refer to the Application, Tab 59. Provide all sheets in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

3. Refer to the Application, Tab 59, page 2 of 78. Explain the increase of \$53,298 in Employee Parties, Outings & Gift Expense from the Base Period to the Forecasted Period.

4. Refer to the Application, Tab 59, pages 3 through 5 of 78. For each organization that Delta pays organization membership dues to name each organization, its purpose, and the services it provides to Delta.

5. Refer to Application, Tab 59, page 10 of 78. Identify the type of services provided by "CINCINNATI ZOO AND BOTANI" and an explanation for why the expense should be included for recovery in rates.

6. Refer to Application, Tab 59, page 8 through 74 of 78, Column titled, "G/L Account: Long Text".

a. Provide an itemized list of the services included.

b. Explain in detail what services are included under "Miscellaneous Outside Services" and why these services would not fall under the other classifications.

7. Refer to Application, Tab 59, page 8 through 74 of 78, items listed under the column titled, "Name". If an item appears multiple times Delta may consolidate the information to avoid unnecessary duplication. For each distinctive item provide:

a. the full company title;

b. a detailed description of the services provided for Delta;

c. the reasoning for why Delta decided to utilize the services of the company; and

d. a general description of the charges associated with the services provided for Delta.

8. Refer to Application, Tab 59, page 8 through 74 of 78, Column titled, "Order: Short Text." Provide a detailed description of the items shown in this column.

9. Refer to Application, Tab 59. Explain the items listed that have only a generalized account number and account name with corresponding amount.

12. Refer to the Application, Tab 63. Also, refer to the Application, Tab 64.

a. Reconcile the discrepancies in the short-term debt, long-term debt, and common equity amounts for the Base Period and the Forecasted Period.

b. Provide the anticipated issuance date and the expected capital structure impact of the corrected forecasted increase in common equity.

13. Refer to the Application, Tab 65, page 2 of 2, regarding the proposed change to Tariff Sheet No. 37.

a. Explain why Farm Tap customers should be included the Gas Technology Institute Research and Development unit charge.

b. Explain if the inclusion of Farm Tap customers in the Gas Technology Institute Research and Development unit charge would impact any existing Lease Agreement contracts between Delta and certain Farm Tap customers.

c. Explain whether the proposed changes to the Gas Technology Institute Research and Development tariff would also require any changes to be made to Delta's current Farm Tap Service Tariff.

14. Refer to Application. Provide the income statement and balance sheet for the same period as filed, with the balances separated into gas operations and non-jurisdictional operations.

15. Refer to the Application, the Direct Testimony of John B. Brown (Brown Direct Testimony), pages 13 and 14.

a. Provide a general overview of the primary responsibilities for the employees assigned to perform duties related to the collection and reconnection services, including the average time dedicated to those duties and whether they are performed during the employees regularly scheduled hours.

b. Explain if the employees responsible for performing the duties related to the collection and reconnection services materially delay or defer other responsibilities related to maintenance of the system to perform these services.

c. For the period of June 2022 through the most current applicable month, provide a monthly breakdown of the employee overtime used to perform duties related to the collection and reconnection services, if any.

16. Refer to the Application, Brown Direct Testimony, page 14, lines 4-5.

a. For the period of June 2022 through the most current applicable month, provide a monthly breakdown of the amount of times Delta had to perform the disconnection and reconnection service.

b. For the period of June 2022 through the most current applicable month, provide a monthly breakdown identifying the amount of customer accounts associated with more than one disconnection or reconnection service.

c. Provide a forecasted estimate of the amount of times Delta expects it may perform the disconnection and reconnection service in 2025.

d. Provide a forecasted estimate of the amount of times Delta expects it may perform the disconnection and reconnection service in 2026.

17. Refer to the Brown Direct Testimony, page 16. Explain the methods that Delta plans to use or is using to lower its collection lag time to 15 days.

18. Refer to the Direct Testimony of Larry Feltner (Feltner Direct Testimony), page 21, lines 19-20. Also, refer to Staff's Second Request, Item 21.

a. Provide an example of how Delta would allocate the proposed gas revenue increase to the classes of service without grouping rate classes with similar rates of return together.

b. Explain if Delta finds the allocation in Item 16(a), above to be reasonable. If not, then explain why.

c. Provide an explanation for why Delta ultimately decided to group classes with similar rates of return together and give them the same increase with the exclusion of gas cost.

19. Refer to the Feltner Direct Testimony, page 26, lines 8-10. Also, refer to Delta's response to Staff's Second Request, Item 20. Explain why Delta determined that the Farm Tap customer charge should mirror the Residential class customer charge.

20. Refer to the Direct Testimony of Jonathan Morpew, page 11. Identify the Commission Order granting a Certificate of Public Convenience and Necessity for the replacement of the 32,000 meters, including a citation to the ordering paragraph(s) authorizing the replacement.

21. Refer to the Direct Testimony of Paul R. Moul (Moul Direct Testimony), page 9-15 and Attachments PRM-3 and PRM-4. Also, refer to Delta's response to Staff's Second Request, Item 25.

a. Confirm that all missing information within the Attachments PRM-3 and PRM-4 previously contained outliers. If not confirmed, identify the excluded outliers within the attachments. If confirmed, provide all excluded outliers, and explain why each outlier was excluded.

b. Provide an update to the schedules including all missing information.

22. Refer to the Moul Direct Testimony, page 8, generally. Explain how credit rating agencies view forecasted test years.

23. Refer to the Direct Testimony of Abdul-Azeez Odusanya (Odusanya Direct Testimony), page 8.

a. Explain how Delta currently lists the \$162,900 of allocated tax study expense on its books.

b. Explain whether Delta has expensed the allocated tax study expense. If so, state the period it was expensed and whether those books are closed. If not, explain the treatment for those expenses.

c. Provide a timeline for the tax study beginning from the initial proposal to obtain the study through the date of the completion of the study. Include all critical dates in the timeline, including but not limited to a request for proposals and execution of contracts.

24. Refer to Delta's response to Commission Staff's First Request for Information, Item 25.

a. Provide the current linear feet by diameter of pre- and post-1973 Aldyl-A pipe in Delta's system.

b. Provide a map of Delta's system identifying the location of current pre- and post-1973 Aldyl-A pipe.

25. Refer to Delta's response to Staff's Second Request, Item 13.

a. Explain how Delta determines the percent of lobbying performed by each organization to which Delta pays dues.

b. For each organization to which dues were paid, identify and describe each service the organization provides to Delta that is unrelated to lobbying.

26. Refer to Delta's response to Staff's Second Request, Item 28(e). Provide a detailed overview of the types of natural gas storage utilized by Delta and its affiliates.

For each identified storage amenity provide the:

a. the type of storage;

b. year in which the storage was first implemented;

c. the life expectancy of the storage;

d. the location of the storage;

e. the storage capacity;

f. the ownership of the storage amenity;

g. any fees or charges paid by Delta for the use of the storage amenity,

if applicable; and

h. the annual injection and withdrawal in Mcf of natural gas utilized by Delta, if applicable, since 2010.

27. Refer to Delta's response to Staff's Second Request, Item 35.

a. Provide a discussion regarding the inappropriateness of considering both Value Line and Yahoo Finance beta values in Delta's CAPM calculation.

b. Provide an updated CAPM calculation using the unlevered Value Line beta values and including the adjusted Yahoo Finance beta values. In the response, if Yahoo Finance beta values are unadjusted, provide the formula for adjusting the beta values.

28. Refer to Delta's response to the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention, (Attorney General)'s First Request for Information, Item 18.

a. Explain how Delta removed 13 employees from its revenue requirement since its last rate case.

b. If employees were transferred under Delta's corporate structure, identify the shifted employees, the assigned job position, annual wages, and the amount of wages allocated to the Kentucky organization for each employee.

c. If the work performed by the removed employees was transferred to outside consultants, please identify those consulting services and where the expenses are located in the base and forecasted periods.

29. Refer to Delta's tariff on file, P.S.C. No. 13, Original Sheet No. 6. Provide the farm tap revenues, expenses, and utility plant separate from other customers.

30. Refer to Delta's tariff on file, P.S.C. No. 13, Original Sheet No. 15.

a. Explain if Delta has considered implementing a seasonal turn on charge pursuant to 807 KAR 5:006, Section 9(3)(a).

b. Explain if there are Delta affiliates that have seasonal turn-on charges or something similar. If so, provide the affiliate's subsequent tariff sheets with the seasonal turn-on charge.

31. Refer to Case No. 2024-00353.² Explain what impact, if approved, this application will have on Delta's debt equity structure, if any. Provide supporting documentation to any response including but not limited to work papers.

32. Refer to Case No. 2024-00397, Delta's filed Gas Cost Recovery (GCR) rate report filing,³ regarding Delta's use of natural gas storage.

a. Explain how Delta utilizes natural gas storage in its GCR rate calculation.

b. Provide the contracts Delta currently holds with its natural gas storage facilities. If Delta does not have any current contracts with its natural gas storage facilities, then explain why.

c. Explain how Delta reports its natural gas injections and withdrawals in its quarterly GCR rate report filing.

d. Explain the costs associated with Delta's use of natural gas storage and whether those costs are included in the GCR rate calculation.

33. Refer to Case No. 2024-00397, Delta's filed GCR rate report filing in Excel spreadsheet titled, "GCRFeb_25_PUBLIC.xls", Tab "IV". Provide an updated version of

² Case No. 2024-00353, *Electronic Application of Delta Natural Gas Company, Inc. for Issuance of Indebtedness* (filed Dec. 27, 2024).

³ Case No. 2024-00397, *Electronic Purchased Gas Adjustment Filing Of Delta Natural Gas Company, Inc.* (filed. Dec. 20, 2024), GCR Rate Report.

this sheet that includes the natural gas injections in Mcf, the natural gas withdrawal in Mcf, the gas cost injected into storage, and gas cost withdrawn from storage.

34. Provide the monthly natural gas injections and withdrawals in Mcf for the period of June 2022 through the most current applicable month.

35. Provide the leak rates, per mile of pipe, for the bare steel and Aldyl-A pipe on the system for the previous five years.


36. Provide, by year, the approved customer charge for each customer class beginning in 2010 through 2024.

37. Provide the total number of overtime hours recorded for employees during the fiscal years 2021 through 2024, by month. In this response, identify how many of those hours were union employees as well as a summary of the reasons for the overtime.

38. Explain the procedure for reviewing allocations from Essential and PNG. Include in the explanation the process for objecting to an allocation to Delta.

39. Provide the number of referrals made to HomeServe, by month, for the period of November 2024 to the date of service of this request for information.

40. Provide the revenue Delta received from the HomeServe referrals referenced in Item 39.


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Public Service Commission
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DATED JAN 16 2025

cc: Parties of Record

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