COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On October 24, 2024, Delta Natural Gas Company, Inc. (Delta) filed a notice of intent to file an application seeking an adjustment of rates using a forecasted test year with a base period consisting of the twelve months ending February 28, 2025, and a twelve-month forecasted period ending June 30, 2026. On November 25, 2024, Delta filed an application pursuant to KRS 278.180, KRS 278.190, KRS 278.192, and 807 KAR 5:001 requesting (1) approval for an adjustment of rates; (2) approval of certain regulatory and accounting treatments; (3) approval of depreciation rates; and (4) approval of tariff revisions.

BACKGROUND

Delta is a Kentucky corporation, in good standing, providing natural gas service to approximately 40,000 customers.[1] Delta's principal office is located in Winchester, Kentucky. Delta purchases, stores, and transports natural gas in 34 Kentucky counties.[2]

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[1] Application at 1.

[2] Application at 2–3. Delta serves the following counties: Bath, Estill, Montgomery, Menifee, Madison, Powell, Garrard, Jackson, Lee, Bourbon, Jessamine, Rowan, Bell, Knox, Whitley, Laurel, Clay, Leslie, Lincoln, Fayette, Fleming, Clark, Robertson, Mason, Lawrence, Johnson, Martin, Magoffin, Floyd, Pike, Perry, Knott, Breathitt, and Letcher. John Brown revised his testimony to include Breathitt at the hearing held on April 17, 2025. John Brown Hearing Video Testimony (HVT) April 17, 2025, beginning at 09:09.

Delta is a wholly owned subsidiary of PNG Companies LLC, which is a wholly owned subsidiary of LDC Funding, LLC; and LDC Funding, LLC is wholly owned by Essential Utilities, Inc.[3] Delta last filed for a general adjustment of rates in Case No. 2021-00185.[4]

The Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General) was granted intervention in this proceeding.[5] On December 18, 2024, David Smith filed a request for intervention and on January 8, 2025, the Commission denied the request.[6] Pursuant to a procedural schedule established on December 5, 2024, Delta filed direct and rebuttal testimony, and responded to multiple rounds of discovery from Commission Staff and the Attorney General.[7] By the same Order, the Commission suspended the effective date of the proposed rates for six months, up to and including July 1, 2025. The procedural schedule also set a date for an informal technical conference on December 17, 2024.[8] A second informal conference was held on January 10, 2025.[9] On January 28, 2025, the

[3] Case No. 2021-00283, *Electronic Joint Application of Essential Utilities, Inc., LDC Funding, LLC, LDC Holding, LLC, PNG Companies LLC, and Delta Natural Gas Company, Inc. for Approval of an Indirect Change of Control of Delta Natural Gas Company, Inc.* (Ky. PSC Sept. 23, 2021).

[4] 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* (filed June 4, 2021).

[5] Order, Dec. 4, 2024.

[6] Order Jan. 8, 2025.

[7] Delta's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Dec. 9, 2024); Delta's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Jan. 3, 2025); Delta's Response to Commission Staff's Third Request) (filed Jan. 31, 2025); Delta's Response to Attorney General's First Request for Information (Attorney General's First Request) (filed Jan. 3, 2025); Delta's Response to Attorney General's Second Request for Information (Attorney General's Second Request) (filed Jan. 31, 2025).

[8] A memorandum summarizing the informal technical conference was filed into the record on Jan. 2, 2025, corrected on Jan. 6, 2025.

[9] A memorandum summarizing the informal conference was filed into the record on Jan. 14, 2025.

Commission ordered that a public comment hearing be held in Manchester, Kentucky, on March 11, 2025. On March 24, 2025, a filing was made with the attendance at the public hearing.

By Order dated January 27, 2025, a hearing was scheduled in this matter to begin on April 17, 2025. Prior to the hearing, on April 14, 2025, a Joint Stipulation, Settlement Agreement, and Recommendation (Joint Settlement) from Delta and the Attorney General (the Parties) was filed by Delta into the record along with Joint Settlement testimony from John Brown, Delta's President. Additionally, on April 14, 2025, Delta filed a motion for leave to make the filing outside of the procedural schedule.[10] A formal hearing was held on April 17, 2025. Delta responded to one post-hearing request for information.[11] On May 9, 2025, Delta filed a brief in support of the Settlement in this matter. This matter now stands submitted for a decision.

LEGAL STANDARD

Pursuant to KRS 278.030(1), the Commission's statutory obligation when reviewing a rate application is to determine whether the proposed rates are "fair, just and reasonable."[12] Delta bears the burden of proof to show that the proposed rates are just and reasonable under the requirements of KRS 278.190(3).

Pursuant to KRS 278.2207(1)(a), "services and products provided to the utility by an affiliate shall be priced at the affiliate's fully distributed cost but in no event greater than market or in compliance with the utility's existing USDA, SEC, or FERC approved cost

[10] Delta's Motion for Leave to File Stipulation and Testimony (filed Apr. 14, 2025).

[11] Delta's Response to Commission Staff's Post-Hearing Request for Information (Staff's Post-Hearing Request) (filed Apr. 29, 2025).

[12] KRS 278.030; *Pub. Serv. Comm'n v. Com. Ex rel. Conway*, 324 S.W.3d 373, 377 (Ky. 2010).

allocation methodology." Further, "[i]n any formal commission proceeding in which cost allocation is at issue, a utility shall provide sufficient information to document that its cost allocation procedures and affiliate transaction pricing are consistent with the provisions of this chapter."[13] If a utility has failed to provide sufficient evidence of its compliance, the Commission may "[o]rder that the costs attached to any transaction be disallowed from rates."[14]

Even though Delta and the Attorney General have filed a Joint Settlement that purports to resolve all the issues in the pending application, the Commission cannot forego its responsibility to determine what constitutes fair, just and reasonable rates. The Commission must review the record in its entirety, including the Joint Settlement, and apply its expertise to make an independent decision as to the level of rates, including terms and conditions of service, that should be approved.

Delta's application also requested approval for the establishment of a regulatory asset. KRS 278.220 provides that the Commission may establish a uniform system of accounts (USoA) for utilities. The system of accounts should conform as nearly as practicable to the system adopted or approved by the Federal Energy Regulatory Commission (FERC). The FERC USoA provides for regulatory assets, or the capitalization of costs that would otherwise be expensed but for the actions of a rate regulator. It must be probable that the utility will recover approximately equal revenue through the inclusion of these costs for ratemaking purposes, with the intent to recover the previously incurred cost not a similar future cost.

[13] KRS 278.2209.

[14] KRS 278.2211(1)(b).

In prior matters the Commission has identified parameters for expenses that may qualify for regulatory asset treatment and has approved regulatory assets when a utility has incurred (1) an extraordinary, nonrecurring expense which could not have reasonably been anticipated or included in the utility's planning; (2) an expense resulting from a statutory or administrative directive; (3) an expense in relation to an industry sponsored initiative; or (4) an extraordinary or nonrecurring expense that over time will result in a saving that fully offsets the cost.[15] Additionally, the Commission has established a requirement that utilities seek Commission approval before recording regulatory assets,[16] and requirements regarding the timing for applications seeking such approval.[17] In addition, outside of the prescribed categories of expenses that qualify for regulatory asset treatment, utilities have established regulatory assets for certain timing and accounting differences, such as over- or under-recoveries for riders.

JOINT SETTLEMENT

The Joint Settlement, attached as Appendix C, reflects the agreement between Delta and the Attorney General addressing all the issues in the application. The major provisions of the Settlement are as follows:

- The overall base rate revenue requirement increases resulting from the stipulated adjustments is $7,744,071. Delta's increases to its Collection and Reconnection charges result in an annual increase of $28,862 in special charges revenue, making the overall gas service revenue increase $7,772,933. In addition,

[15] Case No. 2008-00436, *Application of East Kentucky Power Cooperative, Inc. for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to Certain Replacement Power Costs Resulting from Generation Forced Outages* (Ky. PSC Dec. 23, 2008), Order at 3–4.

[16] Case No. 2016-00180, *Application of Kentucky Power Company for an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities Related to the Extraordinary Expenses Incurred by Kentucky Power Company in Connection with the Two 2015 Major Storm Events* (Ky. PSC Nov. 3, 2016), Order at 9.

[17] Case No. 2016-00180, Order (Ky. PSC Dec. 12, 2016) at 5.

the parties agreed that increases in annual revenues for Delta should be effective for service rendered on and after July 1, 2025.[18]

- The Parties stipulate a return on equity (ROE) of 9.75 percent for Delta's base rates.[19]

- The Parties stipulate to a ROE of 9.65 percent for Delta's Pipe Replacement Program operations.[20]

- The Parties stipulate to the use of depreciation rates proposed by Delta in their Application.[21]

- The Parties stipulate that the revenue requirement is calculated on a rate base method in the amount of $178,287,345.[22]

- The Parties stipulate that Delta's long-term debt rate included in the cost of capital will be 4.51 percent. Delta's capital structure is 52.76 percent equity, 47.24 percent long-term debt and 0 percent short-term debt. Delta's weighted average cost of capital is 7.27 percent.[23]

- The Parties stipulate cash working capital in rate base of $(883,198).[24]

- The Parties agree that Delta's adjusted revenue requirement, stated above, reflects the inclusion of 50 percent of the short-term incentive compensation expense allocated to Delta that is attributable to Essential Utilities, Inc. and PNG Companies LLC employees who provide service to Delta.[25]

- The Parties agree that Delta's adjusted revenue requirement, stated above, reflects the inclusion of 50 percent of the long-term incentive compensation expense allocated to Delta that is attributable to Essential Utilities, Inc. and PNG Companies LLC employees who provide service to Delta.[26]

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[18] Joint Settlement (filed Apr. 14, 2025) at 2–3.

[19] Joint Settlement at 3.

[20] Joint Settlement at 3.

[21] Joint Settlement at 3.

[22] Joint Settlement at 3.

[23] Joint Settlement at 3.

[24] Joint Settlement at 4.

[25] Joint Settlement at 4.

[26] Joint Settlement at 4.

- The Parties further agree that Delta's adjusted revenue requirement, stated above, reflects the inclusion of 65 percent of Delta's long-term incentive compensation expense.[27]

- The Parties agree that Delta's adjusted revenue requirement, stated above, reflects a reduction of AGA dues, which reduces the originally proposed revenue requirement by $22,720.[28]

- The Parties agree that Delta will begin tracking its internal labor associated with supervising lobbying activities and will remove that portion of internal labor from the revenue requirement in its next base rate case.[29]

- The Parties agree that Delta's adjusted revenue requirement, stated above, reflects the inclusion of a gross up factor to its pro forma adjustments in the amount of $30,603.[30]

- The customer charge for residential service shall increase by $5.95 from $24.00 to $29.95, which is a reduction from the original proposed residential customer charge of $33.60.[31]

- The Parties agree to follow the revenue allocation of the increases in annual revenues and the rate design as set forth in the Joint Settlement.

- Delta will not file an application to adjust the base rates where such adjustment would have an effective date at the conclusion of the Commission's suspension period under KRS 278.190, for service rendered prior to Delta's January 2029 billing cycle, subject to certain conditions.[32]

- The Parties agree that Delta should recover its actual rate case expense, to be determined by Delta's final monthly update to be filed on or before the filing of its post-hearing data responses or post-hearing brief, whichever is later, over a three-year period, without carrying charges, and may be deferred, amortized and recovered beginning on the effective date of the revised tariffs.[33]

[27] Joint Settlement at 4–5.

[28] Joint Settlement at 5.

[29] Joint Settlement at 5.

[30] Joint Settlement at 5.

[31] Joint Settlement at 5.

[32] Joint Settlement at 6–7.

[33] Joint Settlement at 7.

- The AG agrees not to contest the regulatory asset Delta has proposed to recover the $162,900 related to the tax method change study, along with the proposed three-year amortization period.[34]

- Delta currently contributes $45,000 annually to the HEA program. Delta agrees to increase its contribution by $20,000 to $65,000 in 2026, 2027, 2028, and 2029 such that by 2029, Delta will have increased its contributions by $80,000 over the four-year period.[35]

TEST PERIOD

Delta used a forecasted test period comprised of a base period ending February 28, 2025, which utilized actual information for six months, from March 2024 to August 2024, with six months of estimated information from September 2024 to February 2025. The forecasted period was the twelve months ending June 30, 2026.[36] Delta provided detailed monthly income statements for each forecasted month of the base period as the data became available. The Attorney General did not contest the use of this period as the test period. The Commission otherwise finds Delta's forecasted test period to be consistent with the provisions of KRS 278.192 and KAR 5:001, Sections 16(6), (7), and (8). Therefore, the Commission accepts the forecasted test period proposed by Delta for use in this proceeding.

VALUATION

Pursuant to KRS 278.290(1), the Commission is empowered to “ascertain and fix the value of the whole or any part of the property of any utility,” and, in doing so, is given guidance by the legislature “in establishing value of utility property in connection with rates,” and the Commission must “give due consideration” to a number of factors,

[34] Joint Settlement at 7.

[35] Joint Settlement at 7.

[36] Application at 7.

including capital structure, original cost and "other elements of value recognized by law" in order to ascertain the value of any property under KRS 278.290 "for rate-making purposes." In its application, Delta proposed to use the rate base method to calculate its revenue requirement and required increase.[37] As explained below, the Commission has weighed the evidence filed in the case and in support of the Joint Settlement and finds that Delta's base rates should be based on a 13-month average test period rate base of $178,287,345.[38]

DISCUSSION AND FINDINGS

Having reviewed the evidence and being sufficiently advised, the Commission accepts the Joint Settlement as discussed below. The Joint Settlement, as a whole, results in fair, just and reasonable rates. However, the Commission's decision to accept the terms of the Joint Settlement does not constitute approval of any individual item and is not intended to create precedent for similar items in future rate cases, whether the applicant be Delta or a different utility.

REVENUE REQUIREMENT

Proposed Adjustments. Delta's application for a general adjustment of rates was supported by a fully forecasted test period. Delta presented its financial data for the forecasted period in the form of pro forma adjustments to the base period, limited the forecasted adjustments to the forecasted period, and based capitalization and net investment rate base on a 13-month average for the forecasted period.[39]

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[37] Application, the Direct Testimony of Abdul-Azeez Odusanya (Odusanya Direct Testimony) at 4.

[38] Joint Settlement at 3.

[39] Application at 8.

Rate Base Adjustments. Based on Delta's application, the requested revenue increase was $10,909,513 or 19.02 percent rate increase.[40] In its Application, Delta proposed the following:

- Requested ROE – 10.95 percent
- Proposed Short Term Incentive Compensation Amount - $505,220
- Proposed Long Term Incentive Compensation Amount – $254,912
- Rate case expense – amortized over three years - $783,778
- Cash Working Capital - $1,399,833 based on a 15-day lag

The Attorney General presented testimony and proposed several changes which reduced the requested increase to $6,808,077[41] or a 6.808 percent[42] rate increase. Those adjustments are summarized as follows:

- Adjustment to the Delta's proposed ROE and Capital Structure Changes - $(2,200,000)
- Reduction to Cash Working Capital Contribution - $(198,000)
- Reductions to Delta's Proposed Operating Income
- Eliminate Short Term Incentive Compensation - $(205,000)
- Eliminate Long Term Incentive Compensation - $(256,000)
- Correct Medical Benefits Forecasted Amount - $(1,159,000)
- Eliminate External and Allocated Lobbying Expenses - $(8,000)

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[40] Application at 2.

[41] Direct Testimony of David Dittemore (Dittemore Direct Testimony) (filed Feb. 18, 2025) at 6. The testimony rounded to the nearest large whole number; however, the Joint Settlement at 14 contains the Attorney General's exact amounts recommended for reduction.

[42] Dittemore Direct Testimony at 6.

- Eliminate Overhead Labor Allocated Associated with Lobbying - $(23,000)
- Eliminate AGA Dues - $(23,000)

As noted above, having reviewed the record, the Commission finds that the revenue increase based on the adjustments set forth in the Settlement result in fair, just and reasonable rates and as such, the adjustments in the Settlement should be accepted. However, Delta should not rely on any adjustments or terms set forth in this Settlement in future cases nor should any other utility rely on the acceptance of this Settlement, nor the terms set forth therein for its own applications. The Commission reviewed each adjustment to determine whether any further adjustment should be made, if the adjustments were generally in line with prior precedent, or if accounting changes should be made in Delta's next general rate-base adjustment.

As part of its application, Delta requested a regulatory asset for a tax study, which was conducted on behalf of its parent company PNG.[43] Delta asked that it be allowed to establish a regulatory asset of $162,000 to be amortized over three years.[44] Following the Internal Revenue Service's issuance of Revenue Procedure 2023-15 on April 14, 2023, Delta's parent company, PNG, caused a study to be performed to determine which assets were eligible for more favorable tax rate changes.[45] As a result of the study, PNG and Delta claimed to have achieved certain tax savings, which Delta alleged will benefit customers.[46] Specifically, Delta stated that customers have benefitted and continue to

[43] Application at 9.

[44] Application at 9.

[45] Application at 9.

[46] Application at 9.

benefit from Delta taking the Tax Repair deduction. According to Delta, this deduction provides it zero cost capital by reducing Delta's cash outlay for taxes which benefits customers when Delta records accumulated deferred income taxes (ADIT) for the amount of taxes deferred.[47] According to Delta, in the forecast period, the ADIT rate base reduction is over $13 million to the benefit of customers.[48]

In addition, Delta stated the benefit to customers of adoption of Revenue Procedure 2023-15 (also referred to as the "Natural Gas Safe Harbor") is that Delta receives audit protection for future and historical Tax Repairs deductions taken, so that the $13 million[49] and growing rate base reduction to customers is preserved from being wholly or partially reversed on audit.[50] According to the Delta, so long as it complies with the rules of the Safe Harbor, the benefit to customers is protected.[51]

In December 1982, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 71, Accounting for the Effects of Certain Types of Regulation, which was codified as Accounting Standards Codification (ASC) 980. ASC 980-340-25-1 provides the criteria for recognition of a regulatory asset.[52]

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[47] Delta's response to Staff's Second Request, Item 3.

[48] Delta's response to Staff's Second Request, Item 3.

[49] Application, Tab 55; Delta's response to Attorney General's First Request, Item 46(b) and Item 46(c).

[50] Delta's response to Staff's Second Request, Item 3.

[51] Delta's response to Staff's Second Request, Item 3.

[52] ASC 980-340-25-1 provides, in full, as follows:

"Rate actions of a regulator can provide reasonable assurance of the existence of an asset. An entity shall capitalize all or part of an incurred cost that would otherwise be charged to expense if both of the following criteria are met:

> A regulatory asset is created when a rate-regulated business is authorized by its regulatory authority to capitalize an expenditure that under traditional accounting rules would be recorded as a current expense. The reclassification of an expense to a capital item allows the regulated business the opportunity to request recovery in future rates of the amount capitalized.[53]

Supplemental to the requirements of ASC 980, Commission precedent obligates utilities to obtain approval prior to establishing a regulatory asset.[54] The Commission has historically approved regulatory assets where a utility has incurred (1) an extraordinary, nonrecurring expense which could not have reasonably been anticipated or included in the utility's planning; (2) an expense resulting from a statutory or administrative directive; (3) an expense in relation to an industry-sponsored initiative; or (4) an extraordinary or nonrecurring expense that over time will result in a saving that fully offsets the cost.[55]

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a. It is probable (as defined in Topic 450) that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes.

b. Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator's intent clearly be to permit recovery of the previously incurred cost.

A cost that does not meet these asset recognition criteria at the date the cost is incurred shall be recognized as a regulatory asset when it does meet those criteria at a later date.

[53] Case No. 2008-00436, *The Application of East Kentucky Power Cooperative, Inc. for an Order Approving Accounting Practices to Establish A Regulatory Asset Related to Certain Replacement Power Costs Resulting from Generation Forced Outages* (Ky. PSC Dec. 23, 2008), Order at 3–4.

[54] Case No. 2016-00436, *Application of Kentucky Power Company for an order Approving Accounting Practices to Establish Regulatory Assets And Liabilities Related to the Extraordinary Expenses Incurred by Kentucky Power Company in Connection with the Two 2015 Major Storm Events* (Ky. PSC Nov. Nov. 3, 2016), Order at 5–8.

[55] Case No. 2008-00436 (Ky. PSC Dec. 23, 2008), Order at 4.

Delta cited to several cases that approved a regulatory asset and argued that the Commission had approved similar requests in the past.[56] During the case, Delta provided contracts,[57] invoices[58], and the allocation percentage from its parent company.[59] In addition, at the hearing, the Controller, Abdul-Azeez Odusanya, confirmed that Delta had not booked the expense as a regulatory asset.[60] The contracts were executed in May of 2023 and June of 2024.[61] The invoices were dated from 2023 and 2024.[62]

The Commission wants to make clear that, should a utility believe a regulatory asset be necessary, it should timely request such accounting treatment. In this matter, Delta began incurring this expense in 2023 but did not request approval until

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[56] Delta's response to Staff' Second Request, Item 2; Case Nos. 2020-00349, *Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates, a Certificate of Public Convenience And Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, And Establishment Of A One-Year Surcredit* (Ky. PSC Dec. 6, 2021); and Case No. 2020-00350, *Electronic Application of Louisville Gas And Electric Company for an Adjustment of Its Electric and Gas Rates, a Certificate Of Public Convenience And Necessity To Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit* (Ky. PSC Dec. 6, 2021) and Case No. 2016-00180 *Application Of Kentucky Power Company for an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities Related to the Extraordinary Expenses Incurred by Kentucky Power Company in Connection with the Two 2015 Major Storm Events* (Ky. PSC Dec. 12, 2016).

[57] Delta's Response to Attorney General's First Request, Item 46.

[58] Delta's Response to Attorney General's First Request, Item 46.

[59] Delta's Response to Staff's Post-Hearing Request, Item 8.

[60] In Delta's response to Staff's Third Request, Item 23, Delta explained how it booked the tax study expense. "The allocated tax study expense is booked as a Regulatory Asset into GL# 1253920 - Other Deferred Charges. However, because this expense can not be carried in the BS (as a Regulatory Asset) without prior approval from the PSC, we decided to book a reserve into GL # 2299200 - Deferred Credit - Non Current on the BS, with a corresponding expense booked into GL # 5303310 - Consultant Services on the IS." Delta further clarified in response to Item 23(b), "[a]s described in part a, the allocated tax study expense has been expensed by Delta. Total allocated amount reserved and expensed is $170,539. $109,867 was reserved and expensed in December 2023 and $60,672 was reserved and expensed in 2024."

[61] Delta's Response to the Attorney General's First Request, Item 46 at unnumbered PDF page 248, 254.

[62] Delta's Response to Attorney General's First Request, Item 46. Delta did not ask for recovery for the entirety of the expense related to the tax study.

November 25, 2024. Delta was aware of the expense, its allocation, and that it did not consider this a normal operating expense.

The Commission is approving the establishment of a regulatory asset in this matter as an element of the Settlement. However, utilities know that the Commission requires prior approval of a regulatory asset except in limited cases. The Commission notes that almost a year lag in the request for approval is not timely. In addition, the chosen allocation, to divide the expense into thirds and allocate one-third to Delta, is questionable. According to a post-hearing response, the expense can be allocated at cost to Delta.[63] The Commission did approve a "Utilities Service Agreement" containing the cost information but when asked about the specific provision of the cost allocation manual, this is the only provision related to allocation provided. The only inference the Commission may make from that response is the companies did not conform to the manual, but the Commission acknowledges the language Delta pointed to is a basis to support the Joint Settlement's accounting treatment of the tax study. In addition, Delta does present a cost savings that greatly outweighs the expense of the study. The Commission does not want to discourage utilities from pursuing review of processes that lead to overall savings to customers. Delta is put on notice, however, that failure to timely seek regulatory asset account treatment on a timely basis may result in future instances where they are not only denied recovery of such expenses but incur other Commission restrictions or penalties.

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[63] Delta's Response to Staff's Post-Hearing Request, Item 8. *See* Utilities Service Agreement, Section 1 page 1 addresses Goods and Services. "Costs directly incurred by PNG; Peoples KY; Delta Resources; Delgasco; and Enpro from third parties on behalf and for the benefit of Delta are invoiced to Delta at cost." Case No. 2018-00379, *Electronic Application of Delta Natural Gas Company, Inc for Approval of Services Agreement* (filed Dec. 14, 2018).

RATE OF RETURN

Return on Equity (ROE)

In its application, Delta developed its proposed ROE of 10.95 percent based upon multiple models including the Discounted Cash Flow (DCF) model, the Capital Asset Pricing Model (CAPM), the Risk Premium Model (RPM), and the Comparable Earning (CE) approach.[64] The models were applied to a proxy group which consisted of eight gas utilities.[65] The estimated ROE results ranged from 11.07 percent to 13.55 percent, however Delta's ROE recommendation focused upon the average of the ROE results from only the DCF and RPM models, which included additional adjustments for leverage and flotation costs.[66]

The Attorney General was the only intervenor to provide expert witness testimony on ROE. The Attorney General provided alternative estimates using both the CAPM and the DCF model as applied to a proxy group of seven natural gas distribution companies.[67] Regarding the CAPM analysis, the Attorney General argued that a considerable amount of judgement must be employed in determining the market return and expected risk premium elements of the equation.[68] Ultimately, however, the Attorney General relied on both the CAPM and DCF models in determining Delta's ROE.[69] Given the low-risk nature of Delta's regulated natural gas business, the Attorney General recommended an ROE

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[64] Direct Testimony of Paul Moul (Moul Direct Testimony) at 3.

[65] Moul Direct Testimony at 4.

[66] Moul Direct Testimony at 5.

[67] Direct Testimony of Richard Baudino (Baudino Direct Testimony) at 2–3.

[68] Baudino Direct Testimony at 24.

[69] Baudino Direct Testimony at 3.

of 9.55 percent.[70] The Attorney General's ROE recommendation was consistent with the midpoint between the average and median growth rate DCF ROE estimates and the range of the CAPM estimates of 8.32 percent to 10.71 percent.[71] In addition, the Attorney General recommended a 10 basis point reduction to the ROE applicable to Delta's Pipeline Replacement Program (PRP) investments.[72]

In the Stipulation, Delta and the Attorney General agreed that Delta's authorized ROE should be 9.75 percent for its base rates.[73] The Parties further agreed to an ROE of 9.65 percent for Delta's PRP operations.[74]

The following table presents the recommended ROEs from the Parties and the methods used to support each Parties' recommendations:

Party	Recommendation	Methods
Delta	10.95%	DCF, CAPM, RPM, CE
Attorney General	9.55%	DCF, CAPM
Settlement	9.75%	

Having reviewed the record and the Joint Settlement, the Commission finds that the settled upon 9.75 percent ROE for Delta's base rates is reasonable and should be accepted. In addition, the Commission finds that the provision that an ROE of 9.65 percent for Delta's PRP operations is reasonable and should be accepted.

Capital Structure

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[70] Baudino Direct Testimony at 3.

[71] Baudino Direct Testimony at 33.

[72] Baudino Direct Testimony at 3.

[73] Joint Settlement at 3.

[74] Joint Settlement at 3.

Delta estimated its 13-month average capital structure ratio for the test year ending June 30, 2026, at 47.24 percent long-term debt, 0.00 percent short-term debt, and 52.76 percent common equity.[75] Debt issuances totaling $34 million are anticipated before the end of the fully forecasted test period, which are included in the long-term debt ratio.[76] The resulting estimated cost of long-term debt is 4.51 percent.[77] Delta's proposed overall rate of return based on the proposed ratios and cost rates equals 7.91 percent.[78]

The Attorney General recommended a capital structure consisting of 50 percent debt and 50 percent equity, based on the average capital structure of its proxy group of seven gas distribution companies.[79] The Attorney General accepted Delta's proposed cost of long-term debt of 4.51 percent.[80] The Attorney General's recommended weighted cost of capital is 7.03 percent.[81]

In the Joint Settlement Agreement, the Parties agreed that Delta's ROE should be 9.75 percent. The Parties also agreed that Delta's capital structure should reflect 52.76 percent common equity, 47.24 percent long-term debt, and 0.00 percent short-term debt.[82] The agreed upon long-term debt rate included in the cost of capital was 4.51

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[75] Moul Direct Testimony at 15.

[76] Moul Direct Testimony at 15 and Attachment PRM-6 at 2.

[77] Moul Direct Testimony at 17 and Attachment PRM-6 at 2.

[78] Moul Direct Testimony, Attachment PRM-1 at 1.

[79] Baudino Direct Testimony at 3.

[80] Baudino Direct Testimony at 3.

[81] Baudino Direct Testimony at 35.

[82] Joint Settlement at 3.

percent.[83] The resulting weighted average cost of capital (WACC) would be 7.27 percent.[84]

Having reviewed the record and the Joint Settlement, the Commission finds that the capital structure, as proposed in the Joint Settlement and reflected in the table below, is fair, just and reasonable.

	Weight	Cost Rate	Weighted Cost
Long-Term Debt	47.24%	4.51%	2.13%
Short-Term Debt	0.00%	0.00%	0.00%
Common Equity	52.76%	9.75%	5.14%
Total	100.00%		7.27%

DEPRECIATION STUDY

Applying Delta's proposed depreciation rates to utility plant in service balances as of June 2024, resulted in a $2,382,979[85] increase in depreciation expense. Intervenors did not provide testimony on this matter. In the Joint Settlement, the Parties agreed that the depreciation study and related accounting treatments should be approved with an effective date of the new depreciation rates to be the same day that Delta's new base rates become effective.

The Commission finds that, for settlement purposes, the application of the proposed depreciation study is appropriate. The Commission notes that Delta is uniquely situated as it has two large pipeline projects which have in-service dates of late 2025 and

[83] Joint Settlement at 3.

[84] Joint Settlement at 3.

[85] Application, Tab 54, Schedule A. The difference between six months actuals plus six months budgeted, and 12 months forecasted.

2026.[86] The bulk of the proposed increase in base rates is related to those project moving to used and useful.[87] In 2023, Delta received a Certificate of Public Convenience and Necessity (CPCN) for a 16.6 mile, high pressure pipeline project in Jessamine County, Kentucky which is expected to be completed in late 2025.[88] In 2023, Delta received a CPCN for 19.8 mile high pressure distribution pipeline to provide natural gas to the communities of Crab Orchard, Broadhead, Mt Vernon, and Renfro Valley and is also expected to be completed late 2025.[89]

RATE DESIGN

Cost of Service Study

Delta filed an embedded, fully allocated Cost of Service Study (COSS) based on costs for the 12 months ended June 30, 2026, in order to determine the contribution that each customer class was making toward its overall rate of return and as an indicator of whether its rates reflected the cost to serve each customer class.[90] Within the COSS, distribution mains costs were classified as customer costs or demand costs using the zero-intercept method. This is the same COSS method Delta used in its prior natural gas rate case and was accepted by the Commission for use as a guide for the allocation of

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[86] Application at 8–9.

[87] Application, Direct Testimony of John Brown (Brown Direct Testimony) at 4.

[88] Application, Direct Testimony of Jonathan Morphew (Morphew Direct Testimony) at 9–10; Case No. 2022-00085, *Electronic Application of Delta Natural Gas Company, Inc. for a Certificate of Public Convenience and Necessity to Construct a Pipeline to Serve the Cities of Nicholasville and Wilmore* (Ky. PSC Sept. 28, 2022).

[89] Morphew Direct Testimony at 10–11; Case No. 2022-00295, *Electronic Application of Delta Natural Gas Company, Inc. for a Certificate of Public Convenience and Necessity to Construct a Pipeline in Lincoln and Rockcastle Counties, Kentucky* (Ky PSC Dec. 13, 2022).

[90] Application, the Direct Testimony of Larry Feltner (Feltner Direct Testimony) at 4.

the revenue increase approved in that case.[91] The results of the COSS illustrate that there are high levels of subsidization occurring between the different rate classes; specifically, that several of the other classes over-subsidize the Residential Class and Special Contract class at various levels.[92]

Having reviewed Delta's COSS, the Commission recommends that the evaluation of the results to be acceptable for use as a guide for the allocation of the revenue increase granted herein. The Commission recommends that Delta should consider continuing to include a COSS based upon the zero-intercept method for the allocation of distribution mains. The Commission has historically expressed its concern about the demand/customer expense allocation for distribution plant classifications and the Commission's preference for the zero-intercept method.[93] This concern has been expressed, in electric rate cases and in natural gas rate cases,[94] that if the zero-intercept analysis does not provide reasonable results, then this indicates little relationship between the amount of costs and the number of customers. The Commission gives substantial weight to the evidence from the COSS that indicates whether certain classes are earning more than other rate classes relative to their cost of service and has required

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[91] Case No. 2021-00185, Jan. 3, 2022 final Order.

[92] Feltner Direct Testimony at 16.

[93] Case No. 2020-00131, *Electronic Application of Meade County Rural Electric Cooperative Corporation for an Adjustment in Rates* (Ky. PSC Sept. 16, 2020), Order at 12.

[94] *See* Case No. 2021-00190, *Electronic Application of Duke Energy Kentucky, Inc. for: 1) an Adjustment of The Natural Gas Rates; 2) Approval of New Tariffs, And 3) all other Required Approvals, Waivers, and Relief* (Ky. PSC Dec. 28, 2021) at 17-18; Case No. 2021-00214, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates* (Ky. PSC May 19, 2022), final Order at 51; and Case No. 2021-00183, Dec. 28, 2021 Order, ordering paragraph 15.

that in instances where the zero-intercept results are not reasonable, to allocate the costs to 100 percent demand.

<u>Revenue Allocation and Rate Design</u>

Delta proposed to allocate the revenue increase to the classes of service by applying the same increase to those rate class groups with similar rates of return based on the results of the COSS. A 5 percent on base rate net revenue was allocated to the highest rate of return class of Farm Tap and Interruptible Service. The lowest rate of return classes of Residential and Special Contracts were allocated an increase of 32.9 percent. Delta noted that while the COSS supports a higher increase for both classes the proposed increase was mitigated by spreading it out a bit to the other rate classes in an attempt to reduce rate shock. Small Non-Residential Service and Large Non-Residential Service were allocated an increase of 27.8 percent. Delta is proposing to increase the rates for Off-System Transportation by 10.8 percent which is between the proposed increases of the high rate of return group and increase given to medium rate of return group of Small Non-Residential Service and Large Non-Residential Service. In the Joint Settlement, the Parties agreed to the revenue allocation as proposed by Delta in the Application.

Based on Delta's total revenue requirement increase of $7,779,932 due to the filing of the final rate case expense, as shown in Appendix A, the Commission recommends that the revenue increase should follow the allocation method as agreed upon in the Joint Settlement. The revenue allocation for the rate classes will be applied to the volumetric rates, where applicable, while the agreed customer charges will remain unchanged from the Joint Settlement. The Commission's determination of the rates to be fair, just and reasonable based on the revenue requirement increase as agreed to by the Parties and the revenue allocation are shown in the rates and charges as set forth in Appendix B to this Order. The Parties agreed to a residential customer charge of $29.95 per billing period, which is an increase of $5.95 from the current customer charge of $24.00 per billing period. In addition, the Parties tendered tariffs and agreed to the remaining proposed customer charge increases.[95] Based on the Joint Settlement revenue allocation the Residential base usage rate would be $6.3850 per Mcf. A residential customer with average monthly usage of 4.56 Mcf will experience an average monthly bill of $59.07 which is an increase of $11.11 or an increase of 23.17 percent from average monthly bill of $47.96 based on current rates.[96]

Having reviewed the record and being otherwise sufficiently advised, the Commission approves the proposed revenue allocation, and proposed customer charges for all classes as agreed to in the Joint Settlement. The Commission recognizes that Delta will have the highest customer charge of the major Local Distribution Companies (LDCs). However, the Commission also recognizes that fixed costs can be higher for a utility that primarily serves rural customers, such as Delta, due to serving low density areas where the meters per mile would be lower than those in higher density areas.

NON-RECURRING CHARGES

In its application, Delta proposed to increase its Non-Recurring Charges, the Collection Charge and the Reconnection Charge, back to the original rates approved by

[95] Joint Settlement at 5.

[96] For the purpose of this Order, the average monthly bill at the current and proposed rate is calculated based on the customer charge and the per Mcf base rate. Additional line items, such as the Gas Cost Recovery rate and the PRP, are excluded from this average monthly bill calculation.

the Commission in Case No. 2007-00089.[97] The increase in the non-recurring charges would result in additional operating revenue of $28,862.[98] In Delta's prior rate adjustment proceeding, Case No. 2021-00185, the Commission reduced the collection charge and the reconnection charge finding the calculation of non-recurring charges should be revised because only the marginal costs related to the service should be recovered through special non-recurring charges for service provided during normal work hours.[99] Additionally, in Case No. 2020-00141,[100] the Commission found that the calculation of non-recurring charges should be revised because only the marginal costs related to the service should be recovered through special non-recurring charges for service provided during normal work hours. In reaching that decision, the Commission found that personnel are paid for work during normal business hours regardless of whether they are on a field visit or not, and therefore, labor costs included in non-recurring charges that occur during regular business hours should be eliminated.[101]

Delta argued that the reduction in the rate for Collection Charge and Reconnection Charge has increased strain on Delta staff to complete the work related to the non-recurring charges.[102] Delta stated that it does not have employees dedicated to either

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[97] Case No. 2007-00089, *Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates* (Ky. PSC Oct. 19, 2007), final Order, Appendix A.

[98] Joint Settlement, Stipulation Testimony of John B. Brown at 3.

[99] Case No. 2021-00185, Jan. 3, 2022 final Order at 18.

[100] Case No. 2021-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020).

[101] Case No. 2021-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020).

[102] Brown Direct Testimony at 12–14.

the normal operation and maintenance tasks or the non-recurring charge tasks and the lower fees incentivizes ratepayers to disconnect and reconnect to bypass the customer charge during periods of low usage.[103] In the Joint Settlement, the Parties agreed to the increased rates for the Collection Charge and Reconnection Charge as proposed by Delta in the Application.[104] The Joint Settlement increase to the Non-Recurring Charges is as follows:

	Current Charge	Proposed Charge
Collection Charge	$ 5.00	$ 20.00
Reconnection Charge	$ 9.00	$ 60.00

Having reviewed the record and being otherwise sufficiently advised, the Commission approves the proposed Collection Charge and Reconnection Charge as agreed to in the Joint Settlement. Natural gas utilities are unique in the fact that every reconnection requires an inspection at a residence or business before natural gas may be supplied. In support of this increase, Jonathan Morphew, Delta's Director of Operations, stated that safety is Delta's top priority in providing natural gas service.[105] In addition, Delta provided information that indicated disconnects and reconnects had increased since the fee was reduced.[106]

The Commission recommends that Delta conduct a thorough review and track the number of instances in which customers request a service under the non-recurring charges to see if the increase to the rates impact the frequency of occurrences. Should

[103] Brown Direct Testimony at 13–14.

[104] Joint Settlement, Exhibit 3.

[105] Hearing Video Testimony, April 17, 2025, Jonathan Morphew 10:14:00–10:18:00.

[106] Delta's Response to Staff's Third Request, Item 16b, attachment.

Delta find that the instances have not reduced, then Delta should be prepared to bring forth to the Commission a recommendation for how it plans to relieve the strain on Delta staff in its next base rate case proceeding. The Commission also recommends Delta consider tracking the frequency in which Delta's employees conduct work related to the actions necessary for the non-recurring charges. Delta should be prepared to provide the Commission the necessary information in its next base rate case filing. Finally, the Commission recommends that Delta review the possible implementation of a seasonal tariff and provide the Commission its analysis in its next base rate case.

TARIFFS

In its application, Delta proposed three tariff changes. Delta proposed to include language in Tariff Sheet No. 35, the Weather Normalization Adjustment clause to clarify that the phrase "billing month" refers to the month in which the bills are mailed.[107] Delta stated that this is consistent with Delta's prior and current practice.[108] Delta also proposed to modify the Tariff Sheet No. 37, Rider for Gas Technology Institute Research and Development unit charge to include Farm Tap customers. Lastly, Delta proposed to revise Tariff Sheets No. 45 and 46 to include an updated Sample Bill to align with the current format and appearance.[109]

The Attorney General did not provide testimony on these requests.

Although the Joint Settlement did not specifically outline these three requests, the Parties to the Joint Settlement accepted the proposed changes. The Commission, having

[107] Application, Tab 65.

[108] Application, Tab 65.

[109] Application, Tab 65.

reviewed the record, accepts the tariff changes as set forth in the proposed tariff sheets filed as part of the Joint Settlement.

MISCELLANEOUS ISSUES

Stay-Out Provision. As part of the Joint Settlement, Delta agreed to not file an application to adjust the base rates where such adjustment would have an effective date at the conclusion of the Commission's suspension period under KRS 278.190, for service rendered prior to Delta's January 2029 billing cycle.[110]

Home Energy Assistance (HEA) Contribution. Delta currently contributes $45,000 annually to the HEA program.[111] As part of the Joint Settlement, Delta agreed to increase its contribution by $20,000 to $65,000 in 2026, 2027, 2028, and 2029 such that by 2029, Delta will have increased its contributions by $80,000 over the four-year period.[112] The Commission notes that this amount is not included in the calculation of base rates.

IT IS THEREFORE ORDERED that:

1. The rates and charges proposed by Delta in its application are denied.

2. The Joint Settlement, attached to this Order as Appendix C, is accepted.

3. The rates and charges as set forth in Appendix B are approved as fair, just and reasonable for Delta, and these rates and charges are approved for service rendered on and after July 1, 2025.

4. Within 20 days of the date of this Order, Delta shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the

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[110] Joint Settlement at 6. There are exceptions to this statement set forth in the Joint Settlement at 6–7.

[111] Joint Settlement at 7.

[112] Joint Settlement at 7.

rates, charges, and modifications approved or as required herein and reflecting their effective date and that they were authorized by this Order.

5. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION

____
Chairman

____
Vice Chairman

Mary Pat Regan
____
Commissioner

ATTEST:

Linda Bridwell RP
____
Executive Director

ENTERED
JUL 01 2025
AH
KENTUCKY PUBLIC
SERVICE COMMISSION

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00346 DATED JUL 01 2025

Stipulated Revenue Requirement and Adjustments

Line No.	Item	Original Filing to AG Testimony	AG Testimony to Final Settlement	Original Filing to Final Settlement	6/ Rate Case Expense True-Up	Original Filing to Post-Hearing Update
1	Total Revenue Increase	10,909,513	6,836,934	10,909,513		10,909,513
2	Other Revenue Increase	28,862	28,862	28,862		28,862
3	Base Rate Increase	10,880,651	6,808,072	10,880,651		10,880,651
4				-	-	
5	AG ROE and Capital Structure Changes	(2,199,982)	667,355 1/	(1,532,627)		-
6	To Correct Cash Working Capital Calculation	(197,945)	(8,438) 2/	(206,382)		-
7	To eliminate Short Term Incentive Compensation	(204,706)	79,026 3/	(125,681)		-
8	To eliminate Long-Term Incentive Compensation	(256,475)	143,979 4/	(112,496)		-
9	To Correct Employee Medical Benefits Forecast	(1,159,358)		(1,159,358)		-
10	To Eliminate External and Allocated Lobbying Charges	(7,919)		(7,919)		-
11	To Eliminate Overhead Labor Associated with Lobbying	(23,473)	23,473	-		-
12	To Eliminate AGA Dues	(22,720)		(22,720)		-
13	Correction - to add expense gross up of bad debt & reg fees		30,603 5/	30,603	-	
				-	-	
14	Net Changes	(4,072,579)	935,998	(3,136,581)	(72,516)	(3,209,097)
15	Base Rate Increase	6,808,072	7,744,070	7,744,070	(72,516)	7,671,554
16	Other Revenue Increase	28,862	28,862	28,862	-	28,862
17	Total Revenue Increase	6,836,934	7,772,932	7,772,932	(72,516)	7,700,416

Total Estimated Case Expenses	$ 1,000,000
Case Expenses through 6-5-25	$ 783,778
Total difference	$ 216,222
Divided by amortization period	$ 3
	$ 72,074
Gross-Up Factor	1.006131365
Decrease in Revenue Requirement	$ 72,516

Settlement Reconciliation

Line No.	Item	Exhibit No.	Nominal Adjustment Amount		Gross Revenue Conversion Factor	Revenue Requirement Change	Total Revenue Requirement
1	**Total Rate Increase Requested by Company:**						**10,909,513**
2	**Other Revenue Increase Requested by Company:**						**28,862**
3	**Base Rate Increase Requested by the Company**						**10,880,651**
4	**AG ROE and Capital Structure Changes**	DND-3	(2,186,575)		1.00613136	**(2,199,982)**	
5	**Rate Base Adjustments**						
6	To Correct Cash Working Capital Calculation	DND-4	(196,738)		1.00613136	**(197,945)**	
7	**AG Operating Income Adjustments**						
8	To eliminate Short Term Incentive Compensation	DND-5	(203,459)		1.00613136	**(204,706)**	
9	To eliminate Long-Term Incentive Compensation	DND-5	(254,912)		1.00613136	**(256,475)**	
10	To Correct Employee Medical Benefits Forecast	DND-6	(1,152,293)		1.00613136	**(1,159,358)**	
11	To Eliminate External and Allocated Lobbying Charges	DND-7	(7,871)		1.00613136	**(7,919)**	
12	To Eliminate Overhead Labor Associated with Lobbying	DND-8	(23,330)		1.00613136	**(23,473)**	
13	To Eliminate AGA Dues	DND-9	(22,582)		1.00613136	**(22,720)**	
14	OAG Reductions						**(4,072,579)**
15	**OAG Recommended Rate Increase - Direct Testimony**						**6,808,072**
	Modifications Reached in Settlement						
16	Return on Equity from 9.55% to 9.75%	OAG-1	253,881	1/	1.00613136	**255,438**	
17	Restore Capital Structure to 52.76% Equity	DNG-2	409,407	2/	1.00613136	**411,917**	
18	Working Capital at $0 (per prior case agreement)		-		1.00613136	-	
18A	To modify CWC impact due to OAG Cap Structure/ROE modifications	DNG-3	(8,386)	3/	1.00613136	**(8,438)**	
19	Restore 50% of Essential STI	OAG-4	78,544	4/	1.00613136	**79,026**	
20	Restore 65% LTIC - Delta	OAG-4	67,798	5/	1.00613136	**68,214**	
21	Restore 50% of LTIC - Essential	OAG-4	17,490	6/	1.00613136	**17,597**	
22	Restore 50% of LTIC - People's	OAG-4	57,814	7/	1.00613136	**58,168**	
23	Restore Overhead Labor Associated with Lobbying	DND-8	23,330		1.00613136	**23,473**	
24	Restore AGA Dues		-		1.00613136	-	
25	Correction - to add Expense gross up of bad debt & reg fees	DNG-5				**30,603**	
26	Additional Revenue per Settlement						**935,998**
27	**Settlement - Base Rates**						**7,744,070**
28	**Company Settlement Position - Other Revenue**						**28,862**
29	**Total Revenue Increase**						**7,772,932**

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00346 DATED JUL 01 2025

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.

RATE SCHEDULES

		Base Rate	Gas Cost Recovery Rate[1]	Total Rate
RESIDENTIAL				
Customer Charge		$ 29.95		$ 29.95
All Mcf		$ 6.3850	$ 7.2435	$ 13.6285
SMALL NON-RESIDENTIAL				
Customer Charge		$ 57.70		$ 57.70
All Mcf		$ 5.5950	$ 7.2435	$ 12.8385
LARGE NON-RESIDENTIAL				
Customer Charge		$ 195.04		$ 195.04
First	1–200 Mcf	$ 6.7710	$ 7.2435	$ 14.0145
Next	201–1,000 Mcf	4.0686	7.2435	11.3121
Next	1,001–5,000 Mcf	2.7640	7.2435	10.0075
Next	5,001–10,000 Mcf	2.1086	7.2435	9.3521
Over	10,000 Mcf	1.7809	7.2435	9.0244
INTERRUPTIBLE				
Customer Charge		$ 267.85		$ 267.85
First	1–1,000 Mcf	$ 1.7784	$ 7.2435	$ 9.0219
Next	1,001–5,000 Mcf	1.3337	7.2435	8.5772
Next	5,001–10,000 Mcf	0.8891	7.2435	8.1326
Over	10,000 Mcf	0.6668	7.2435	7.9103

[1] Case No. 2025-00097, *Electronic Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc.* (Ky. PSC Apr. 24, 2025), final Order.

FARM TAP			
Customer Charge	$ 29.95		$ 29.95
All Mcf	$ 2.5879	$ 7.2435	$ 9.8314
OTHERS OFF SYSTEM TRANSPORTATION			
Per 1,000 cubic feet, or per dekatherm			$ 0.3381
SPECIAL CONTRACTS			
Special Contract 1			
Per Mcf			$ 0.1639
Special Contract 2 and 3			
Block 1 per Mcf			$ 0.7655
Block 2 per Mcf			$ 0.3754
Block 3 per Mcf			$ 0.1149
OTHER CHARGES			
Collection Charge			$ 20.00
Reconnection Charge			$ 60.00

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00346 DATED JUL 01 2025

SEVENTY-THREE PAGES TO FOLLOW

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

STIPULATION AND RECOMMENDATION

This Stipulation and Recommendation ("Stipulation") is entered into this 14th day of April, 2025 by and among Delta Natural Gas Company, Inc. ("Delta") and the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention ("AG"). Delta and the AG are collectively described as the "Parties."

W I T N E S S E T H:

WHEREAS, on November 25, 2024, Delta filed with the Kentucky Public Service Commission ("Commission") its Application, *In the Matter of: Electronic Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates* ("Delta's Application"), and the Commission has established Case No. 2024-00346 to review Delta's Application, in which Delta requested a revenue increase of $10,909,513 ("Case");

WHEREAS, the AG has participated as a full intervenor in Case No. 2024-00346;

WHEREAS, an in-person meeting for the purpose of discussing settlement and the text of this Stipulation, attended by representatives of the Parties took place on March 26, 2025, during which a number of procedural and substantive issues were discussed, including potential settlement of all issues pending before the Commission in the Case;

WHEREAS, the Parties continued to have further discussions regarding the potential settlement of all issues pending before the Commission in the Case;

WHEREAS, the Parties hereto unanimously desire to settle all the issues pending before the Commission in the Case;

WHEREAS, it is understood by all Parties hereto that this Stipulation is subject to the approval of the Commission, insofar as it constitutes an agreement by the Parties for settlement, and, absent express agreement stated herein, does not represent agreement on any specific claim, methodology, or theory supporting the appropriateness of any proposed or recommended adjustments to Delta's rates, terms, or conditions;

WHEREAS, the Parties agree that this Stipulation, viewed in its entirety, is a fair, just, and reasonable resolution of their issues resolved in this Stipulation; and

WHEREAS, the Parties believe sufficient and adequate data and information in the record of these proceedings support this Stipulation, and further believe the Commission should approve it without modifications or conditions; and

NOW, THEREFORE, for and in consideration of the promises and conditions set forth herein, the Parties hereby stipulate and agree as follows:

ARTICLE 1: REVENUE REQUIREMENTS

1.1. Stipulated Items Used to Adjust Revenue Requirements. The Parties stipulate the following adjustments to the annual revenue used to determine the base rate increase. For purposes of determining fair, just and reasonable rates for Delta in this Case the Parties stipulate the adjustments below. The overall base rate revenue requirement increases resulting from the stipulated adjustments is $7,744,071. Delta's increases to its Collection and Reconnection charges result in an annual increase of $28,862 in special charges revenue, making the overall gas service revenue increase $7,772,933. The Parties stipulate that increases in annual revenues for Delta should be effective for service rendered on and after July 1, 2025. A complete presentation of the revenue requirement and summary of the adjustments agreed to by the Parties is attached as Stipulation Exhibit 1.

1.2. Items Reflected in Stipulated Revenue Requirement Increase. The Parties agree that the stipulated revenue requirement increase described in Section 1.1 was calculated by beginning with Delta's revenue requirement increase as presented and supported by Delta as subsequently adjusted by Delta's update filings and adjusting them as described further in this section. The Parties ask and recommend the Commission accept these adjustments as reasonable without modification:

(A) Return on Equity. The Parties stipulate a return on equity ("ROE") of 9.75% for Delta's base rates, and the stipulated revenue requirement increase provided above for Delta's operations reflect that return on equity as applied to Delta's rate base and capital structure underlying their originally proposed revenue requirement increases as subsequently adjusted by Delta's update filings and this Stipulation. The Parties further stipulate to a ROE of 9.65% for Delta's Pipe Replacement Program operations. These adjustments to ROE reduce the originally proposed revenue requirement by $1,532,627.

(B) Depreciation Rates. The Parties stipulate to the use of depreciation rates proposed by Delta in their Application.

(C) Rate Base. The Parties stipulate that the revenue requirement is calculated on a rate base method in the amount of $178,287,345.

(D) Cost of Debt. The Parties stipulate that Delta's long-term debt rate included in the cost of capital will be 4.51%. Delta's capital structure is 52.76% equity, 47.24% long-term debt and 0% short-term debt. Delta's weighted average cost of capital is 7.27%.

1.3. Items Reflected in Stipulated Rate Base. The Parties stipulate cash working capital in rate base of (883,198), which reduces the originally proposed rate base by $2,283,031.

1.4. Items Reflected in Operations and Maintenance ("O&M") Adjustments. The Parties agree that Delta's adjusted revenue requirement, stated above, shall reflect the following items relating to O&M expense:

(A) Short-Term Incentive Compensation. The Parties agree that Delta's adjusted revenue requirement, stated above, reflects the inclusion of 50% of the short-term incentive compensation expense allocated to Delta that is attributable to Essential Utilities, Inc. and PNG Companies LLC employees who provide service to Delta. The 50% included in the revenue requirement is not tied to financial performance. The 50% that is excluded from the revenue requirement and is related to financial performance reduces the originally proposed revenue requirement by $125,680.

In addition, 100% of Delta's short-term incentive compensation expense is included in the adjusted revenue requirement because it is not tied to financial performance.

(B) Long-Term Incentive Compensation. The Parties agree that Delta's adjusted revenue requirement, stated above, reflects the inclusion of 50% of the long-term incentive compensation expense allocated to Delta that is attributable to Essential Utilities, Inc. and PNG Companies LLC employees who provide service to Delta. The 50% included in the revenue requirement is not tied to financial performance. The 50% that is excluded from the revenue requirement and is related to financial performance reduces the originally proposed revenue requirement by $75,766.

The parties further agree that Delta's adjusted revenue requirement, stated above, reflects the inclusion of 65% of Delta's long-term incentive compensation expense. The 65% included in the revenue requirement is not tied to financial performance. The 35% that is excluded from the revenue requirement and is related to financial performance reduces the originally proposed revenue requirement by $36,730.

(C) American Gas Association ("AGA") Dues: The Parties agree that Delta's adjusted revenue requirement, stated above, reflects a reduction of AGA dues, which reduces the originally proposed revenue requirement by $22,720.

(D) Overhead Associated with Lobbying: The Parties agree that Delta will begin tracking its internal labor associated with supervising lobbying activities and will remove that portion of internal labor from the revenue requirement in its next base rate case.

(E) Gross Up Factor: The Parties agree that Delta's adjusted revenue requirement, stated above, reflects the inclusion of a gross up factor to its pro forma adjustments in the amount of $30,603.

ARTICLE 2: REVENUE ALLOCATION AND RATE DESIGN

2.1. Revenue Allocation and Rate Design. The Parties hereto agree that the allocation of the increases in annual revenues and the rate design for Delta, as set forth on the schedule designated Stipulation Exhibit 2 attached hereto, are fair, just, and reasonable.

2.2. Tariff Sheets. The Parties hereto recommend to the Commission that, effective July 1, 2025, Delta shall implement the tariff sheets in Stipulation Exhibit 3 attached hereto, including the changes to the Reconnection and Collection charges.

2.3 Residential Customer Charge. As set forth in Stipulation Exhibit 2, the customer charge for residential service shall increase by $5.95 from $24.00 to $29.95, which is a reduction from the original proposed customer charge of $33.60.

ARTICLE 3: TREATMENT OF OTHER SPECIFIC ISSUES

3.1 Stay-Out: Subject to the exclusions set forth below, Delta will not file an application to adjust the base rates where such adjustment would have an effective date at the conclusion of the Commission's suspension period under KRS 278.190, for service rendered prior to Delta's January 2029 billing cycle. For avoidance of doubt, Delta may file an application prior to January 1, 2029, provided the effective date of rates, once suspended by the Commission in accordance with KRS 278.190, are not effective for service rendered prior to Delta's first January 2029 billing cycle. Notwithstanding the base rate stay-out commitment described above, Delta shall retain the right, at any time, to seek approval from the Commission of:

(A) The deferral of costs as permissible under the Commission's standard for deferrals, including:

(i) An extraordinary, nonrecurring expense which could not have reasonably been anticipated or included in the utility's planning;

(ii) An expense resulting from a statutory or administrative directive;

(iii) An expense in relation to an approved industry initiative; or

(iv) An extraordinary or nonrecurring expense that over time will result in a savings that fully offsets the cost.

(B) Emergency rate relief under KRS 278.190(2) to avoid a material impairment or damage to credit or operations;

(C) Adjustments to the operation of any of Delta's now existing, or future, cost recovery surcharge mechanisms (including, but not limited to, Gas Cost Recovery and Pipe Replacement Program).

(D) During the effective stay-out period, Delta reserves the right to seek necessary rate relief and/or accounting treatment for costs or programs required due to changes in law or regulations, including but not limited to, changes in tax rates, or changes to existing, or implementation of new, environmental (e.g., federal or state EPA rules) or safety (e.g., PHMSA rules or state administrative pipeline safety rules) compliance costs applicable to natural gas operations that may occur during the stay-out period.

3.2 Rate Case Expense. The Parties agree that Delta should recover its actual rate case expense, to be determined by Delta's final monthly update to be filed on or before the filing of its post-hearing data responses or post-hearing brief, whichever is later, over a three-year period, without carrying charges, and may be deferred, amortized and recovered beginning on the effective date of the revised tariffs.

3.3 Home Energy Assistance ("HEA") Program Contribution. Delta currently contributes $45,000 annually to the HEA program. Delta agrees to increase its contribution by $20,000 to $65,000 in 2026, 2027, 2028, and 2029 such that by 2029, Delta will have increased its contributions by $80,000 over the four-year period.

3.4 Tax Method Change Regulatory Asset. The AG agrees not to contest the regulatory asset Delta has proposed to recover the $162,900 related to the tax method change study, along with the proposed three-year amortization period.

3.5 All Other Relief Requested by Delta to Be Approved as Filed. The Parties recommend to the Commission that, except as modified in this Stipulation and the exhibits attached hereto, all other relief requested in the Delta's filings in this Case, including without limitation all rates, terms, conditions, and deferral accounting, should be approved as filed or as later corrected or amended by Delta in responses to data requests.

ARTICLE 4: MISCELLANEOUS PROVISIONS

4.1 Except as specifically stated otherwise in this Stipulation, entering into this Stipulation shall not be deemed in any respect to constitute an admission by any of the Parties that any computation, formula, allegation, assertion or contention made by any other party in Case is true or valid.

4.2 The Parties agree that the foregoing Stipulation represents a fair, just, and reasonable resolution of the issues addressed herein and request that the Commission approve the Stipulation.

4.3 Following the execution of this Stipulation, the Parties shall cause the Stipulation to be filed with the Commission on or about April 14, 2025, together with a request to the Commission for consideration and approval of this Stipulation for rates to become effective for service rendered on and after July 1, 2025.

4.4 This Stipulation is subject to the acceptance of, and approval by, the Commission. The Parties agree to act in good faith and to use their best efforts to recommend to the Commission that this Stipulation be accepted and approved. Each Party hereto waives all cross-examination of the witnesses of the other Party hereto except in support of the Stipulation or unless the Commission fails to adopt this Stipulation in its entirety. Each Party further stipulates and recommends that the Notice of Intent, Notice, Application, direct testimony, rebuttal testimony, supplemental testimony, pleadings and responses to data requests filed in this proceeding be admitted into the record. The Parties commit to notify immediately any other Party of any perceived violation of this provision, so the Party may have an opportunity to cure any perceived violation, and all Parties commit to work in good faith to address and remedy promptly any such perceived violation. In all events, counsel for all Parties will represent to the Commission that the

Stipulation is a fair, just, and reasonable means of resolving all issues in these proceedings that are the subject of this Stipulation and will clearly and definitively ask the Commission to accept and approve the Stipulation as such.

4.5 If the Commission issues an order adopting this Stipulation in its entirety and without additional conditions, each of the Parties agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin Circuit Court with respect to such order.

4.6 If the Commission does not accept and approve this Stipulation in its entirety, then any adversely affected Party may withdraw from the Stipulation within the statutory periods provided for rehearing and appeal of the Commission's order by (1) giving notice of withdrawal to the other Party and (2) timely filing for rehearing or appeal. If any Party timely seeks rehearing of or appeals the Commission's order, all Parties will continue to have the right to withdraw until the conclusion of all rehearings and appeals. Upon the latter of (1) the expiration of the statutory periods provided for rehearing and appeal of the Commission's order and (2) the conclusion of all rehearings and appeals, all Parties that have not withdrawn will continue to be bound by the terms of the Stipulation as modified by the Commission's order.

4.7 If the Stipulation is voided or vacated for any reason after the Commission has approved the Stipulation, none of the Parties will be bound by the Stipulation.

4.8 The Stipulation shall in no way be deemed to affect or diminish the jurisdiction of the Commission of jurisdiction under Chapter 278 of the Kentucky Revised Statutes.

4.9 The Stipulation shall inure to the benefit of and be binding upon the Parties hereto and their successors and assigns.

4.10 The Stipulation constitutes the complete agreement and understanding among the Parties, and any and all oral statements, representations, or agreements made prior hereto or contemporaneously herewith shall be null and void and shall be deemed to have been merged into the Stipulation.

4.11 The Parties agree that, for the purpose of the Stipulation only, the terms are based upon the independent analysis of the Parties to reflect a fair, just, and reasonable resolution of the issues herein and are the product of compromise and negotiation.

4.12 The Parties agree that neither the Stipulation nor any of its terms shall be admissible in any court or commission except insofar as such court or commission is addressing litigation arising out of the implementation of the terms herein, the approval of this Stipulation, or a Party's compliance with this Stipulation. This Stipulation shall not have any precedential value in this or any other jurisdiction.

4.13 The signatories hereto warrant that they have appropriately informed, advised, and consulted their respective Parties in regard to the contents and significance of this Stipulation and based upon the foregoing are authorized to execute this Stipulation on behalf of their respective Parties.

4.14 The Parties agree that this Stipulation is a product of negotiation among all Parties hereto, and no provision of this Stipulation shall be strictly construed in favor of or against any Party. Notwithstanding anything contained in the Stipulation, the Parties recognize and agree that the effects, if any, of any future events upon the operating income of the Delta is unknown and this Stipulation shall be implemented as written.

4.15 The Parties agree that this Stipulation may be executed in multiple counterparts.

[Signature Pages Follow]

APPENDIX A: LIST OF STIPULATION EXHIBITS

Stipulation Exhibit 1:	Revenue Requirement and Summary of Adjustments
Stipulation Exhibit 2:	Revenue Allocation and Rate Design Schedules
Stipulation Exhibit 3:	Tariff

IN WITNESS WHEREOF, the Parties have hereunto affixed their signatures.

Delta Natural Gas Company, Inc.

HAVE SEEN AND AGREED:

By: John B. Brown

John B. Brown

Attorney General for the Commonwealth of Kentucky, by and through the Office of Rate Intervention

HAVE SEEN AND AGREED:

By: John G. Horne II

John G. Horne II

Delta Natural Gas Company, Inc.
Case No. 2024-00346
For the Fully Projected Test Period Beginning July 1, 2025

Stipulated Revenue Requirement and Adjustments

Line No.	Item	Original Filing to AG Testimony	AG Testimony to Final Settlement	Original Filing to Final Settlement
1	Total Revenue Increase	10,909,513	6,836,935	10,909,513
2	Other Revenue Increase	28,862	28,862	28,862
3	Base Rate Increase	10,880,651	6,808,073	10,880,651
4				
5	AG ROE and Capital Structure Changes	(2,199,982)	667,355	(1,532,627)
6	To Correct Cash Working Capital Calculation	(197,945)	(8,438)	(206,383)
7	To eliminate Short Term Incentive Compensation	(204,706)	79,026	(125,680)
8	To eliminate Long-Term Incentive Compensation	(256,475)	143,979	(112,496)
9	To Correct Employee Medical Benefits Forecast	(1,159,358)		(1,159,358)
10	To Eliminate External and Allocated Lobbying Charges	(7,919)		(7,919)
11	To Eliminate Overhead Labor Associated with Lobbying	(23,473)	23,473	-
12	To Eliminate AGA Dues	(22,720)		(22,720)
13	Correction - to add expense gross up of bad debt & reg fees		30,603	30,603
14	Net Changes	(4,072,578)	935,998	(3,136,580)
15	Total Revenue Increase	6,808,073	7,744,071	7,744,071
16	Other Revenue Increase	28,862	28,862	28,862
17	Base Rate Increase	6,836,935	7,772,933	7,772,933

DELTA NATURAL GAS COMPANY
CASE NO. 2024-00346
FORECAST PERIOD REVENUES AT CURRENT AND PROPOSED RATES
FOR THE 12 MONTHS ENDED JUNE 30, 2026

DATA: ____ BASE PERIOD __X__ FORECAST PERIOD
TYPE OF FILING: __X__ ORIGINAL _____ UPDATED _____ REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE M 2.1
Witness: Larry Feltner

	Total Revenue at Current Rates	Total Revenue at Proposed Rates	Change in Total Revenue	Percent Change
Residential	$ 32,643,784	$ 36,903,723	$ 4,259,939	13.0%
Small Non-Residential	$ 11,174,219	$ 12,302,152	$ 1,127,933	10.1%
Large Non-Residential	$ 16,510,973	$ 18,417,799	$ 1,906,826	11.5%
Interruptible Service	$ 2,304,198	$ 2,376,101	$ 71,904	3.1%
Special Contracts	$ 452,988	$ 558,910	$ 105,922	23.4%
Farm Tap	$ 2,679,735	$ 2,736,511	$ 56,775	2.1%
Off-System Transportation	$ 2,782,555	$ 2,995,985	$ 213,430	7.7%
Subtotal	$ 68,548,452	$ 76,291,180	$ 7,742,728	11.3%
Other Operating Revenues:				
Miscellaneous Service Revenues	$ 54,923	$ 83,785	$ 28,862	52.5%
Total	$ 68,603,375	$ 76,374,965	$ 7,771,590	11.3%

DELTA NATURAL GAS COMPANY
CASE NO. 2024-00346
AVERAGE BILL COMPARISON AT CURRENT AND PROPOSED RATES
FOR THE 12 MONTHS ENDED JUNE 30, 2026

DATA: ____ BASE PERIOD __X__ FORECAST PERIOD **SCHEDULE M 2.2**
TYPE OF FILING: __X__ ORIGINAL _____ UPDATED _____ REVISED **Witness: Larry Feltner**
WORK PAPER REFERENCE NO(S):

	Customer Months	Forecasted MCF	Average Usage Per MCF	Average Bill at Current Rates	Average Bill at Proposed Rates	Change in Average Bill	Percent Change
Residential (Sales)	379,820	1,730,530	4.56	$ 86.76	$ 97.97	$ 11.21	12.92%
Small Non-Residential (Sales)	50,992	662,857	13.00	$ 217.33	$ 238.91	$ 21.58	9.93%
Large Non-Residential (Sales)	10,927	826,801	75.66	$ 1,226.42	$ 1,332.95	$ 106.53	8.69%
Interruptible(Sales)	44	31,958	726.33	$ 7,441.38	$ 7,488.38	$ 47.00	0.63%
Transportation Off-System	108	8,856,000	82,000.00	$ 25,764.40	$ 27,740.60	$ 1,976.20	7.67%
Farm Tap (Sales) - Delta	34,486	239,077	6.93	$ 102.78	$ 104.44	$ 1.66	1.62%
Farm Tap (Sales) - People's	34,486	239,077	6.93	$ 101.88	$ 103.54	$ 1.66	1.63%
Residential (Transportation)	288	945	3.28	$ 42.62	$ 52.35	$ 9.73	22.83%
Small Non-Residential (Transportation)	1,284	16,257	12.66	$ 110.09	$ 131.45	$ 21.36	19.40%
Large Non-Residential (Transportation)	1,154	1,533,738	1,329.06	$ 4,765.41	$ 5,913.07	$ 1,147.66	24.08%
Interruptible(Transportation)	381	1,621,725	4,256.49	$ 6,375.93	$ 6,598.57	$ 222.64	3.49%
Special Contract	36	2,313,453	64,262.59	$ 12,582.99	$ 15,525.28	$ 2,942.29	23.38%

DELTA NAtURAL GAS COMPANY
CASE NO. 2024-00346
SUMMARY OF PROPOSED REVENUE INCREASE
FOR THE 12 MONTHS ENDED June 30, 2026

DATA: ____ BASE PERIOD __X__ FORECAST PERIOD
TYPE OF FILING: __X__ ORIGINAL _____ UPDATED _____ REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE M 2.3
Witness: Larry Feltner

	Base Rate Revenue	GCR Revenue	Pipe Replacement Program Revenue	Total Current Revenue	Increase	Percent Change
Residential	$ 18,219,591	$ 14,040,659	$ 383,534	$ 32,643,784	$ 4,259,939	13.0%
Small Non-Residential	$ 5,698,894	$ 5,378,091	$ 97,234	$ 11,174,219	$ 1,127,933	10.1%
Large Non-Residential	$ 9,636,983	$ 6,708,250	$ 165,740	$ 16,510,973	$ 1,906,826	11.5%
Interruptible Service	$ 2,020,388	$ 259,291	$ 24,519	$ 2,304,198	$ 71,904	3.1%
Special Contracts	$ 452,988	$ -		$ 452,988	$ 105,922	23.4%
Farm Tap	$ 1,595,348	$ 1,084,387		$ 2,679,735	$ 56,775	2.1%
Off-System Transportation	$ 2,782,555	$ -		$ 2,782,555	$ 213,430	7.7%
Subtotal	$ 40,406,747	$ 27,470,679	$ 671,026	$ 68,548,452	$ 7,742,728	11.3%
Other Operating Revenues:						
Miscellaneous Service Revenues	$ 54,923			$ 54,923	$ 28,852	52.5%
Total	$ 40,461,670	$ 27,470,679	$ 671,026	$ 68,603,375	$ 7,771,580	11.3%

DELTA NATURAL GAS COMPANY
CASE NO. 2024-00346
DETAILED CALCULATION OF FORECAST PERIOD REVENUES AT CURRENT AND PROPOSED RATES
FOR THE 12 MONTHS ENDED June 30, 2026

DATA: ____ BASE PERIOD __X__ FORECAST PERIOD
TYPE OF FILING: __X__ ORIGINAL _____ UPDATED _____ REVISED
WORK PAPER REFERENCE NO(S):

Test Year Rates

	Billing Units	Rate	Calculated Billings
Facilities Charge			
	Customer Months	*Per Customer*	
Customer Charge	379,820	$ 24.00	$ 9,115,680
Transportation	288	$ 24.00	$ 6,912
	380,108		$ 9,122,592
Gas Charge			
	mcf	*Per mcf*	
Sales	1,416,350	$ 5.2539	$ 7,441,360
Transportation	945	$ 5.2539	$ 4,965
WNA			$ 1,482,393
	1,417,295		$ 8,928,718
Total Base Rate			$ 18,051,310
Base Rate Book Revenue			$ 18,051,310
Difference			$ (0)
Correction Factor			100.000%
CEP Lost Revenue			$ -
Pipeline Replacement			$ 383,534
Gas Cost Recovery (GCR)			$ 9,794,978
Total Calculated Revenue			$ 28,229,821

Current Rates

	Billing Units	Rate	Calculated Billings
Facilities Charge			
	Customer Months	*Per Customer*	
Customer Charge	379,820	$ 24.00	$ 9,115,680
Transportation	288	$ 24.00	$ 6,912
Total			$ 9,122,592
Gas Charge			
	mcf	*Per mcf*	
Sales	1,416,350	$ 5.2539	$ 7,441,360
Transportation	945	$ 5.2539	$ 4,965
WNA	282,151	$ 5.2539	$ 1,482,393
	1,699,446		$ 8,928,718
Total Base Rate Revenue			$ 18,051,310
Correction Factor			100.000%
Base Rate Revenue After Application of Correction Factor			$ 18,051,310
Temperature Normalization Adjustment	32,030	$ 5.2539	$ 168,281
Total Base Rate Revenue			$ 18,219,591
Pipeline Replacement			$ 383,534
Gas Cost Recovery (GCR)	1,730,530	$ 8.1135	$ 14,040,659
Total Revenue			$ 32,643,784

Proposed Rate

	Billing Units	Rate	Calculated Billings
Facilities Charge			
	Customer Months	*Per Customer*	
Customer Charge	379,820	$ 29.95	$ 11,375,609.00
Transportation	288	$ 29.95	$ 8,625.60
Total			$ 11,384,234.60
Gas Charge			
	mcf	*Per ccf*	
Sales	1,416,350	$ 6.408	$ 9,075,968.88
Transportation	945	$ 6.408	$ 6,056.20
WNA	282,151	$ 6.408	$ 1,808,023.42
			$ 10,890,048.50
Total Base Rate Revenue			$ 22,274,283
Correction Factor			100.000%
Base Rate Revenue After Application of Correction Factor			$ 22,274,283
Temperature Normalization Adjustm	32,030	$ 6.4080	$ 205,247
Total Base Rate Revenue			$ 22,479,530
Pipeline Replacement			$ 383,534
Gas Cost Recovery (GCR)			$ 14,040,659
Total Revenue			$ 36,903,723
Increase			$ 4,259,939
Percent Increase			13.0%

DELTA NATURAL GAS COMPANY
CASE NO. 2024-00346
DETAILED CALCULATION OF FORECAST PERIOD REVENUES AT CURRENT AND PROPOSED RATES
FOR THE 12 MONTHS ENDED June 30, 2026

SCHEDULE M 2.3
Witness: Larry Feltner

DATA: ____ BASE PERIOD __X__ FORECAST PERIOD
TYPE OF FILING: __X__ ORIGINAL _____ UPDATED _____ REVISED
WORK PAPER REFERENCE NO(S):

Test Year Rates

	Billing Units	Rate	Calculated Billings
Facilities Charge			
	Customer Months	*Per Customer*	
Customer Charge	50,992	$ 44.40	$ 2,264,039
Transportation	1,284	$ 44.40	$ 57,010
	52,276		$ 2,321,048
Gas Charge			
	mcf	*Per mcf*	
Sales	551,370	$ 4.9739	$ 2,742,457
Transportation	16,257	$ 4.9739	$ 80,860
WNA			$ 511,535
	567,626		$ 3,334,852
Total Base Rate			$ 5,655,901
Base Rate Book Revenue			$ 5,655,901
Difference			$ 0
Correction Factor			100.000%
Pipeline Replacement			97,233.81
Gas Cost Recovery (GCR)			$ 3,778,067
Total Calculated Revenue			$ 9,531,201

Current Rates

	Billing Units	Rate	Calculated Billings
Facilities Charge			
	Customer Months	*Per Customer*	
Customer Charge	50,992	$ 44.40	$ 2,264,039
Transportation	1,284	$ 44.40	$ 57,010
Total			$ 2,321,048
Gas Charge			
	mcf	*Per mcf*	
Sales	551,370	$ 4.9739	$ 2,742,457
Transportation	16,257	$ 4.9739	$ 80,860
WNA	102,844	$ 4.9739	$ 511,535
			$ 3,334,852
Total Base Rate Revenue			$ 5,655,901
Correction Factor			100.000%
Base Rate Revenue After Application of Correction Factor			$ 5,655,901
Temperature Normalization Adjustment	8,644	$ 4.9739	$ 42,993
Total Base Rate Revenue			$ 5,698,894
Pipeline Replacement			$ 97,234
Gas Cost Recovery (GCR)	662,857	$ 8.1135	$ 5,378,091
Total Revenue			$ 11,174,219

Proposed Rate

	Billing Units	Rate	Calculated Billings
Facilities Charge			
	Customer Months	*Per Customer*	
Customer Charge	50,992	$ 57.70	$ 2,942,230
Transportation	1,284	$ 57.70	$ 74,087
Total			$ 3,016,317
Gas Charge			
	mcf	*Per ccf*	
Sales	551,370	$ 5.611	$ 3,093,734
Transportation	16,257	$ 5.611	$ 91,217
WNA	102,844	$ 5.611	$ 577,057
			$ 3,762,009
Total Base Rate Revenue			$ 6,778,326
Correction Factor			100.000%
Base Rate Revenue After Application of Correction Factor			$ 6,778,326
Temperature Normalization Adjustm	8,644	$ 5.6110	$ 48,500
Total Base Rate Revenue			$ 6,826,826
Pipeline Replacement			$ 97,234
Gas Cost Recovery (GCR)			$ 5,378,091
Total Revenue			$ 12,302,152
Increase			$ 1,127,933
Percent Increase			10.1%

DELTA NATURAL GAS COMPANY
CASE NO. 2024-00346
DETAILED CALCULATION OF FORECAST PERIOD REVENUES AT CURRENT AND PROPOSED RATES
FOR THE 12 MONTHS ENDED June 30, 2026

DATA: ____ BASE PERIOD __X__ FORECAST PERIOD
TYPE OF FILING: __X__ ORIGINAL _____ UPDATED _____ REVISED
WORK PAPER REFERENCE NO(S):

Test Year Rates

	Billing Units	Rate	Calculated Billings
Facilities Charge			
	Customer Months	*Per Customer*	
Customer Charge	12,081	$ 195.04	$ 2,356,321
Gas Charge			
	mcf	*Per mcf*	
Block 1	676,245	$ 5.3766	$ 3,635,897
Block 2	384,673	$ 3.2307	$ 1,242,763
Block 3	602,506	$ 2.1947	$ 1,322,319
Block 4	360,843	$ 1.6743	$ 604,160
Block 5	336,273	$ 1.4141	$ 475,523
WNA			$ -
	2,360,539		$ 7,280,662
Total Base Rate			$ 9,636,983
Base Rate Book Revenue			$ 9,636,983
Difference			$ -
Correction Factor			100.000%
Pipeline Replacement			$ 165,740
Gas Cost Recovery (GCR)			$ 5,578,723
Total Calculated Revenue			$ 15,381,446

Current Rates

	Billing Units	Rate	Calculated Billings
Facilities Charge			
	Customer Months	*Per Customer*	
Customer Charge	12,081	$ 195.04	$ 2,356,321
Gas Charge			
	mcf	*Per mcf*	
Block 1	676,245	$ 5.3766	$ 3,635,897
Block 2	384,673	$ 3.2307	$ 1,242,763
Block 3	602,506	$ 2.1947	$ 1,322,319
Block 4	360,843	$ 1.6743	$ 604,160
Block 5	336,273	$ 1.4141	$ 475,523
WNA			$ -
	2,360,539		$ 7,280,662
Total Base Rate Revenue			$ 9,636,983
Correction Factor			100.000%
Base Rate Revenue After Application of Correction Factor			$ 9,636,983
Pipeline Replacement			$ 165,740
Gas Cost Recovery (GCR)	826,801	$ 8.1135	$ 6,708,250
Total Revenue			$ 16,510,973

Proposed Rate

	Billing Units	Rate	Calculated Billings
Facilities Charge			
	Customer Months	*Per Customer*	
Customer Charge	12,081	$ 195.04	$ 2,356,321
Gas Charge			
	ccf	*Per ccf*	
Block 1	676,245	$ 6.7846	$ 4,588,049
Block 2	384,673	$ 4.0768	$ 1,568,234
Block 3	602,506	$ 2.7696	$ 1,668,700
Block 4	360,843	$ 2.1129	$ 762,426
Block 5	336,273	$ 1.7845	$ 600,078
WNA	-		$ -
			$ 9,187,488
Total Base Rate Revenue			$ 11,543,809
Correction Factor			100.000%
Base Rate Revenue After Application of Correction Factor			$ 11,543,809
Pipeline Replacement			$ 165,740
Gas Cost Recovery (GCR)			$ 6,708,250
Total Revenue			$ 18,417,799
Increase			$ 1,906,826
Percent Increase			11.5%

DELTA NATURAL GAS COMPANY
CASE NO. 2024-00346
DETAILED CALCULATION OF FORECAST PERIOD REVENUES AT CURRENT AND PROPOSED RATES
FOR THE 12 MONTHS ENDED June 30, 2026

SCHEDULE M 2.3
Witness: Larry Feltner

DATA: ____ BASE PERIOD __X__ FORECAST PERIOD
TYPE OF FILING: __X__ ORIGINAL _____ UPDATED _____ REVISED
WORK PAPER REFERENCE NO(S):

Test Year Rates

	Billing Units	Rate		Calculated Billings
Facilities Charge				
	Customer Months	*Per Customer*		
Customer Charge	425	$ 267.85	$	113,836
Gas Charge				
	mcf	*Per mcf*		
Block 1 (1 - 1,000 Mcf)	301,576	$ 1.7143	$	516,991
Block 2 (1,001 - 5,000 Mcf)	710,602	$ 1.2857	$	913,622
Block 3 (5,001 - 10,000 Mcf)	296,686	$ 0.8571	$	254,289
Block 4 (Over 10,000 Mcf)	344,819	$ 0.6428	$	221,649
WNA			$	-
	1,653,683		$	1,906,552
Total Base Rate			$	2,020,388
Base Rate Book Revenue			$	2,020,388
Difference			$	-
Correction Factor				100.000%
Pipeline Replacement			$	24,519
Gas Cost Recovery (GCR)			$	226,915
Total Calculated Revenue			$	2,271,821

Current Rates

	Billing Units	Rate		Calculated Billings
Facilities Charge				
	Customer Months	*Per Customer*		
Customer Charge	425	$ 267.85	$	113,836
Gas Charge				
	mcf	*Per mcf*		
Block 1 (1 - 1,000 Mcf)	301,576	$ 1.7143	$	516,991
Block 2 (1,001 - 5,000 Mcf)	710,602	$ 1.2857	$	913,622
Block 3 (5,001 - 10,000 Mcf)	296,686	$ 0.8571	$	254,289
Block 4 (Over 10,000 Mcf)	344,819	$ 0.6428	$	221,649
WNA			$	-
	1,653,683		$	1,906,552
Total Base Rate Revenue			$	2,020,388
Correction Factor				100.000%
Base Rate Revenue After Application of Correction Factor			$	2,020,388
Pipeline Replacement			$	24,519
Gas Cost Recovery (GCR)	31,958	$ 8.1135	$	259,291
Total Revenue			$	2,304,198

Proposed Rate

	Billing Units	Rate		Calculated Billings
Facilities Charge				
	Customer Months	*Per Customer*		
Customer Charge	425	$ 267.85	$	113,836.00
Gas Charge				
	mcf	*Per ccf*		
Block 1 (1 - 1,000 Mcf)	301,576	$ 1.7790	$	536,503
Block 2 (1,001 - 5,000 Mcf)	710,602	$ 1.3342	$	948,086
Block 3 (5,001 - 10,000 Mcf)	296,686	$ 0.8894	$	263,872
Block 4 (Over 10,000 Mcf)	344,819	$ 0.6670	$	229,994
WNA			$	-
	1,653,683		$	1,978,455
Total Base Rate Revenue			$	2,092,291
Correction Factor				100.000%
Base Rate Revenue After Application of Correction Factor			$	2,092,291
Pipeline Replacement			$	24,519
Gas Cost Recovery (GCR)			$	259,291
Total Revenue			$	2,376,101
Increase			$	71,904
Percent Increase				3.1%

DELTA NATURAL GAS COMPANY
CASE NO. 2024-00346
DETAILED CALCULATION OF FORECAST PERIOD REVENUES AT CURRENT AND PROPOSED RATES
FOR THE 12 MONTHS ENDED June 30, 2026

DATA: ____ BASE PERIOD __X__ FORECAST PERIOD
TYPE OF FILING: __X__ ORIGINAL _____ UPDATED _____ REVISED
WORK PAPER REFERENCE NO(S):

Test Year Rates

	Billing Units	Rate		Calculated Billings
Facilities Charge				
	Customer Months	*Per Customer*		
Customer Charge	36	$ -	$	-
Gas Charge				
	mcf	*Per mcf*		
SC 1	1,148,549	$ 0.1331	$	152,872
SC 2 Block 1	290,434	$ 0.6214	$	180,476
SC 2 Block 2	180,000	$ 0.3047	$	54,846
SC 2 Block 3	694,471	$ 0.0933	$	64,794
WNA			$	-
	2,313,453		$	452,988
Total Base Rate			$	452,988
Base Rate Book Revenue			$	452,988
Difference			$	-
Correction Factor				100.000%
Gas Cost Recovery (GCR)			$	-
Total Calculated Revenue			$	452,988

Current Rates

	Billing Units	Rate		Calculated Billings
Facilities Charge				
	Customer Months	*Per Customer*		
Customer Charge	36	$ -	$	-
Gas Charge				
	mcf	*Per mcf*		
SC 1	1,148,549	$ 0.1331	$	152,872
SC 2 Block 1	290,434	$ 0.6214	$	180,476
SC 2 Block 2	180,000	$ 0.3047	$	54,846
SC 2 Block 3	694,471	$ 0.0933	$	64,794
WNA			$	-
	2,313,453		$	452,988
Total Base Rate Revenue			$	452,988
Correction Factor				100.000%
Base Rate Revenue After Application of Correction Factor			$	452,988

Proposed Rate

	Billing Units	Rate		Calculated Billings
Facilities Charge				
	Customer Months	*Per Customer*		
Customer Charge	36	$ -	$	-
Gas Charge				
	mcf	*Per ccf*		
SC 1	1,148,549	$ 0.1642	$	188,592
SC Block 1	290,434	$ 0.7668	$	222,705
SC 2 Block 2	180,000	$ 0.3760	$	67,680
SC 2 Block 3	694,471	$ 0.1151	$	79,934
WNA			$	-
			$	558,910
Total Base Rate Revenue			$	558,910
Correction Factor				100.000%
Base Rate Revenue After Application of Correction Factor			$	558,910
Increase			$	105,922
Percent Increase				23.4%
			$	0.33

DELTA NATURAL GAS COMPANY
CASE NO. 2024-00346
DETAILED CALCULATION OF FORECAST PERIOD REVENUES AT CURRENT AND PROPOSED RATES
FOR THE 12 MONTHS ENDED June 30, 2026

DATA: ____ BASE PERIOD __X__ FORECAST PERIOD
TYPE OF FILING: __X__ ORIGINAL _____ UPDATED _____ REVISED
WORK PAPER REFERENCE NO(S):

	Test Year Rates			
	Billing Units	Rate		Calculated Billings
Facilities Charge				
	Customer Months	*Per Customer*		
Customer Charge	34,486	$ 24.00	$	827,674
Gas Charge				
	mcf	*Per mcf*		
Sales	208,492	$ 3.2110	$	669,468
Transportation	-	$ 3.2110	$	-
WNA			$	74,756
	208,492		$	744,224
Total Base Rate			$	1,571,898
Base Rate Book Revenue			$	1,571,898
Difference			$	-
Correction Factor				100.000%
Gas Cost Recovery (GCR)			$	1,388,571
Total Calculated Revenue			$	2,960,468

	Current Rates			
	Billing Units	Rate		Calculated Billings
Facilities Charge				
	Customer Months	*Per Customer*		
Customer Charge	34,486	$ 24.00	$	827,674
Gas Charge				
	mcf	*Per mcf*		
Sales	208,492	$ 3.2110	$	669,468
Transportation	-	$ 3.2110	$	-
WNA	23,281	$ 3.2110	$	74,756
			$	744,224
Total Base Rate Revenue			$	1,571,898
Correction Factor				100.000%
Base Rate Revenue After Application of Correction Factor			$	1,571,898
Temperature Normalization Adjustment	7,303	$ 3.2110	$	23,451
Total Base Rate Revenue			$	1,595,348
Gas Cost Recovery (GCR)	239,077	$ 8.1135	$	1,084,387
Total Revenue			$	2,679,735

	Proposed Rate			
	Billing Units	Rate		Calculated Billings
Facilities Charge				
	Customer Months	*Per Customer*		
Customer Charge	34,486	$ 29.95	$	1,032,868
Gas Charge				
	mcf	*Per ccf*		
Sales	208,492	$ 2.5902	$	540,036
Transportation	-	$ 2.5902	$	-
WNA	23,281	$ 2.5902	$	60,303
			$	600,339
Total Base Rate Revenue			$	1,633,207
Correction Factor				100.000%
Base Rate Revenue After Application of Correction Factor			$	1,633,207
Temperature Normalization Adjι	7,303	$ 2.5902	$	18,917
Total Base Rate Revenue			$	1,652,124
Gas Cost Recovery (GCR)			$	1,084,387
Total Revenue			$	2,736,511
Increase			$	56,775
Percent Increase				2.1%

DELTA NATURAL GAS COMPANY
CASE NO. 2024-00346
DETAILED CALCULATION OF FORECAST PERIOD REVENUES AT CURRENT AND PROPOSED RATES
FOR THE 12 MONTHS ENDED June 30, 2026

DATA: ____ BASE PERIOD __X__ FORECAST PERIOD
TYPE OF FILING: __X__ ORIGINAL _____ UPDATED _____ REVISED
WORK PAPER REFERENCE NO(S):

	Test Year Rates - Current Rates				Proposed Rate		
	Billing Units	Rate	Calculated Billings		Billing Units	Rate	Calculated Billings
Facilities Charge				**Facilities Charge**			
	Customer Months	*Per Customer*			*Customer Months*	*Per Customer*	
Customer Charge	108	$ -	$ -	Customer Charge	108	$ -	$ -
Gas Charge				**Gas Charge**			
	mcf	*Per mcf*			*mcf*	*Per mcf*	
Sales	-	$ 0.3142	$ -	Sales	-	$ 0.3383	$ -
Transportation	8,856,000	$ 0.3142	$ 2,782,555	Transportation	8,856,000	$ 0.3383	$ 2,995,985
WNA			$ -	WNA			$ -
	8,856,000		$ 2,782,555				$ 2,995,985
Total Base Rate			$ 2,782,555	**Total Base Rate Revenue**			$ 2,995,985
Base Rate Book Revenue			$ 2,782,555	**Correction Factor**			100.000%
Difference			$ -	**Base Rate Revenue After Application of Correction Factor**			$ 2,995,985
Correction Factor			100.000%	**Pipeline Replacement**			$ -
Pipeline Replacement			$ -	**Gas Cost Recovery (GCR)**			$ -
Gas Cost Recovery (GCR)			$ -	**Total Revenue**			$ 2,995,985
Total Calculated Revenue			$ 2,782,555	**Increase**			$ 213,430
				Percent Increase			7.7%

PSC No. 14

Superseding PSC No. 13

DELTA NATURAL GAS COMPANY, INC.

3617 Lexington Road

Winchester, Kentucky

Rates, Rules and Regulations for Furnishing

NATURAL GAS SERVICE

in

Entire Service Area of the Company

Filed with the

PUBLIC SERVICE COMMISSION OF KENTUCKY

Issued	**Effective**
April 14, 2025	**July 1, 2025**

Issued by

JOHN B. BROWN,
PRESIDENT

TABLE OF CONTENTS

CLASSIFICATION OF SERVICE – RATE SCHEDULES
RESIDENTIAL

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate	+ Gas Cost Recovery Rate (GCR)**	= Total Rate	
Customer Charge*	$ 29.95		$29.95	(I)
All Mcf***	$ 6.408	$ 7.2435	$13.6515 /per 1.0 Mcf	(I)

* Residential rates are subject to a $0.30 fee collected under Delta's Energy Assistance Program Tariff Rider as set forth on Sheet No. 38 of this tariff. The fee is not included in the Customer Charge.

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

*** Residential rates are subject to the "Conservation/Efficiency Program Cost Recovery Component (CEPRC)" of 0/Mcf. The CEPRC is an adjustment determined in accordance with the Conservation/Efficiency Program Cost Recovery as set forth on Sheets 39 – 42 of this tariff.

Residential rates are subject to a Pipe Replacement Program charge of $0.32800/1.0 Mcf, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

Monthly Surcharge: A monthly surcharge of $0.87 per Mcf will be added to customer bills effective May 1, 2023 until the following balance is recovered. The purpose of the surcharge is to recover Gas Cost Recovery balances created before and during the transition period associated with the acquisition of Peoples Gas of KY LLC by Delta Natural Gas Company, Inc. The balance is $8,160,521.

DATE OF ISSUE: April 14, 2025
DATE EFFECTIVE: July 1, 2025
ISSUED BY: /s/ John B. Brown
John B. Brown, President

CLASSIFICATION OF SERVICE – RATE SCHEDULES
SMALL NON-RESIDENTIAL*

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by small non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate	+ Gas Cost Recovery Rate (GCR)**	= Total Rate	
Customer Charge*	$ 57.70		$ 57.70	(I)
All Mcf***	$ 5.611	$ 7.2435	$ 12.8545/ per 1.0 Mcf	(I)

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Small Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Small Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Small Non-Residential or Interruptible Service rate schedule.

* Meter no larger than AL425

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

Small Non-Residential rates are subject to a Pipe Replacement Program charge of $0.21268/1.0 Mcf as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

Monthly Surcharge: A monthly surcharge of $0.87 per Mcf will be added to customer bills effective May 1, 2023 until the following balance is recovered. The purpose of the surcharge is to recover Gas Cost Recovery balances created before and during the transition period associated with the acquisition of Peoples Gas of KY LLC by Delta Natural Gas Company, Inc. The balance is $8,160,521.

CLASSIFICATION OF SERVICE – RATE SCHEDULES
LARGE NON-RESIDENTIAL*

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by large non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate	+ Gas Cost Recovery Rate (GCR)**	= Total Rate	
Customer Charge	$ 195.04		$ 195.04	
1 - 200 Mcf	$ 6.7846	$ 7.2435	$ 14.0281 / per 1.0 Mcf	(I)
201 – 1,000 Mcf	$ 4.0768	$ 7.2435	$ 11.3203 / per 1.0 Mcf	(I)
1,001 – 5,000 Mcf	$ 2.7696	$ 7.2435	$ 10.0131 / per 1.0 Mcf	(I)
5,001 – 10,000 Mcf	$ 2.1129	$ 7.2435	$ 9.3564 / per 1.0 Mcf	(I)
Over 10,000 Mcf	$ 1.7845	$ 7.2435	$ 9.0280 / per 1.0 Mcf	(I)

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Large Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Large Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Large Non-Residential or Interruptible Service rate schedule.

* Meter larger than AL425

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

Large Non-Residential rates are subject to a Pipe Replacement Program charge of $0.13968/1.0 Mcf as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

Monthly Surcharge: A monthly surcharge of $0.87 per Mcf will be added to customer bills effective May 1, 2023 until the following balance is recovered. The purpose of the surcharge is to recover Gas Cost Recovery balances created before and during the transition period associated with the acquisition of Peoples Gas of KY LLC by Delta Natural Gas Company, Inc. The balance is $8,160,521.

CLASSIFICATION OF SERVICE – RATE SCHEDULES
INTERRUPTIBLE SERVICE

APPLICABILITY
Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY
Available for use by interruptible customers.

CHARACTER OF SERVICE
Firm Service, as available. This rate schedule is designed to make available quantities of natural gas that Company may from time to time have available for sale without impairment of service to customers served under other higher priority rate schedules, and which can be supplied from Company's existing distribution system, subject to the provisions of this rate schedule. Company shall have the right to discontinue the supply of natural gas wholly or in part for such period or periods as, in the sole judgment of Company, may be necessary or advisable to enable it to supply the full gas requirements of its customers served under higher priority rate. Nothing herein shall prevent Company from expanding its obligations under such other rate schedules. Company may decline to accept any additional contracts for service hereunder.

RATES

	Base Rate	+ Gas Cost Recovery Rate (GCR)**	= Total Rate	
Customer Charge	$ 267.85		$ 267.85	
1 – 1,000 Mcf	$ 1.7790	$ 7.2435	$ 9.0225 / per 1.0 Mcf	(I)
1,001 – 5,000 Mcf	$ 1.3342	$ 7.2435	$ 8.5777 / per 1.0 Mcf	(I)
5,001 – 10,000 Mcf	$ 0.8894	$ 7.2435	$ 8.1329 / per 1.0 Mcf	(I)
Over 10,000 Mcf	$ 0.6670	$ 7.2435	$ 7.9105 / per 1.0 Mcf	(I)

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company. In order to provide a fair opportunity to compete with other motor fuels, the customer charge and Pipe Replacement Program charge may be waived by Delta at its sole discretion for compressed natural gas fueling station customers.

Any customer required to enter into an Interruptible Agreement shall be permitted to purchase or transport gas under the Interruptible Rate Schedule as set forth on Sheet No. 5. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

Interruptible rates are also subject to a Pipe Replacement Program charge of $0.04661/1.0 Mcf, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.
Monthly Surcharge: A monthly surcharge of $0.87 per Mcf will be added to customer bills effective May 1, 2023 until the following balance is recovered. The purpose of the surcharge is to recover Gas Cost Recovery balances created before and during the transition period associated with the acquisition of Peoples Gas of KY LLC by Delta Natural Gas Company, Inc. The balance is $8,160,521.

DATE OF ISSUE: **April 14, 2025**
DATE EFFECTIVE: **July 1, 2025**
ISSUED BY: **/s/ John B. Brown**
John B. Brown, President

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule.

CLASSIFICATION OF SERVICE – RATE SCHEDULES
FARM TAP SERVICE

APPLICABILITY

Applicable to all areas served by Delta, including areas formerly served by Peoples Gas KY LLC with a connection along Kentucky West Virginia Gas Company's well connection and gathering system in Eastern Kentucky included in Peoples Gas KY LLC's former service area.

AVAILABILITY

Available to farm tap customers as defined by KRS 278.485. This includes customers previously served by Peoples Gas KY LLC or any new farm tap customers served from a connection along Kentucky West Virginia Gas Company's well connection and gathering system in Peoples Gas KY LLC's former service area, including farm tap customers previously served by Delta's supplier. Pursuant to KRS 278.485, the point of service must be located within one-half (1/2) air-mile of Delta or Delta's supplier's producing gas well or gathering pipeline. Customers shall complete Form 910, "Application for Service on Gathering System," and are responsible for all equipment other than the meter, service tap, saddle and first service shut off valve.

CHARACTER OF SERVICE

Gas delivered pursuant to this tariff is from pipelines owned and operated by Delta or Delta's supplier and all gas sold hereunder is made available by said supplier and subject to the terms and conditions of KRS 278.485 and 807 KAR 5:026. Delta's Tariff applies to customers taking service pursuant to this Rate Schedule unless (1) set forth otherwise or (2) the Tariff conflicts with KRS 278.485 or 807 KAR 5:026.

Other than the meter, service tap, saddle and first service shut off valve, which shall be owned and maintained by Delta, all other approved equipment and material required for service under this tariff shall be furnished, installed, and maintained by the customer at the customer's expense and shall remain the customer's property. At the customer's option, Delta will furnish and install this other equipment, but this other equipment shall be paid for, owned and maintained by the customer. Such other equipment shall include, but is not limited to, the line from the service tap to the point of use, gas regulation equipment, and desiccant tanks or other moisture control equipment as approved and required by Delta. Delta shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever. Nothing in this Tariff shall be construed to restrict Delta's right to abandon any gas well or any gathering pipeline, or any part thereof, and to remove any such abandoned pipeline or lines. All gas sold and delivered under this Tariff shall be delivered at the varying pressures of Delta's supplier's pipeline, and it shall be the responsibility of the customer to supply, maintain, and operate the necessary regulator and related equipment for the customer's use. Service could be interrupted due to the unprocessed nature of the gas, and upon the discontinuance of the gathering of gas through the gathering line or low flowing pressures resulting from the depletion of the wells feeding that gathering line or other reasons affecting pressure and/or volumes of gas, service is subject to interruption or discontinuance.

DATE OF ISSUE: **April 14, 2025**
DATE EFFECTIVE: **July 1, 2025**
ISSUED BY: **/s/ John B. Brown**
John B. Brown, President

CLASSIFICATION OF SERVICE – RATE SCHEDULES
FARM TAP SERVICE

RATES

	Base Rate	+	Gas Cost Recovery Rate GCR**	= Total Rate	
Customer Charge *	$ 29.95			$ 29.95	(I)
All Mcf	$ 2.5902		$ 7.2435	$ 9.8337	(R)

* Residential farm tap rates are subject to a $0.30 fee collected under Delta's Energy Assistance Program Tariff Rider as set forth on Sheet No. 38 of this tariff. The fee is not included in the Customer Charge.

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with Sheets No. 13 and 14 of this tariff.

SPECIAL CHARGES APPLICABLE TO FARM TAP CUSTOMERS

New installations: $150.00 fee

Reconnections and Turn-ons: $25.00 fee plus payment of all past due amounts

The special charges set forth herein are in addition to the special charges set forth elsewhere in the Tariff that likewise apply to customers taking Farm Tap Service.

Monthly Surcharge: A monthly surcharge of $0.74 per Mcf will be added to bills for the former Peoples Gas of KY LLC customers and $0.87 per Mcf for all other farm tap customers effective May 1, 2023 until the following balances are recovered. The purpose of the surcharge is to recover Gas Cost Recovery balances created before and during the transition period associated with the acquisition of Peoples Gas of KY LLC by Delta Natural Gas Company, Inc. The balances are $320,990 for the former Peoples Gas of KY LLC customers and $8,160,521 for the Delta Natural Gas Company, Inc. customers.

CLASSIFICATION OF SERVICE – RATE SCHEDULES
TRANSPORTATION OF GAS FOR OTHERS ON SYSTEM UTILIZATION

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available to government or university-owned housing facilities that may be served as residential, and small non-residential, large non-residential, interruptible and compressed natural gas fueling station customers who have purchased natural gas elsewhere, obtained all requisite authority to transport such gas to Delta's facilities and request Delta to utilize its facilities to transport such customer-owned gas to place of utilization. Any such transportation service shall be subject to the terms and conditions set forth herein and to the reserved right of Delta to decline to initiate such service whenever, in Delta's sole judgment, the performance of the service would be contrary to good operating practice or would have a detrimental impact on other customers of Delta. Such detrimental impact may include under deliveries of transportation gas to Delta’s system or switching by the transportation customer to Delta’s Small Non-Residential, Large Non-Residential or Interruptible Service rate schedules.

RATE

A transportation charge comprised of the following components will be applied to each Mcf, or in the case of measurement based on heating value, each dekatherm (Dth) of gas transported hereunder:

(1) Delta's Base Rate for gas sold as set forth in Delta's Small Non-Residential, Large Non-Residential and Interruptible Rate Schedules; plus

(2) Where the pipeline suppliers transportation, compression or other similar charges are billed to Delta, the cost per Mcf or Dth, as applicable, of such charges; plus

(3) A take-or-pay recovery component of $(0.0000)

(4) For compressed natural gas fueling station customers, in order to provide a fair opportunity to compete with other motor fuels, Delta may negotiate at Delta’s sole discretion and such customers a fixed base rate that is no more than the maximum Base Rate set forth in Delta’s Interruptible Service Rate Schedule, but is no less than the minimum Base Rate set forth in Delta’s Interruptible Service Rate Schedule.

GAS SOLD TO CUSTOMER

Monthly gas deliveries to customer in excess of scheduled transportation volumes will be billed by Delta and paid by customer in accordance with Delta's Standby Service Rate Schedule.

TERMS AND CONDITIONS

Service hereunder shall be performed under a written contract between customer and Delta setting forth specific arrangements as to term of the contract, volumes to be transported, points of delivery, methods of metering, timing of receipts and deliveries of gas by Delta, timing constraints relative to under deliveries and/or switching to Delta's Small Non-Residential, Large Non-Residential or Interruptible Service rate schedules, the availability of discounts in special situations and any other matters relating to individual customer circumstances.

At least ten (10) days prior to the beginning of each month, customer shall provide Delta with a schedule setting forth daily volumes of gas to be delivered into Delta's facilities for customer's account. Customer shall give Delta at least twenty-four (24) hours prior notice of any subsequent changes to scheduled deliveries. Delivery of gas transported hereunder will be effected as nearly as practicable on the same day as the receipt thereof. Delta will not be obligated to utilize underground storage capacity in performance of the service provided herein.

All gas volumes delivered hereunder shall shrink by 2% to cover line loss and measurement differences when no compression is being used in the transportation. When compression is required in the transportation, all gas volumes delivered hereunder shall shrink an additional amount equivalent to fuel usage.

It shall be the customer's responsibility to make all necessary arrangements, including regulatory approvals, required to deliver gas transported under this tariff.

Delta reserves the right to refuse to accept gas that does not meet Delta's quality specifications.

Volumes of gas transported hereunder will be determined in accordance with Delta's measurement base.

Customer owned gas transported hereunder for an interruptible customer will be subject to interruption in accordance with normal interruption procedures applicable to such rate schedule. Such customers must agree in writing to cause deliveries of customer-owned gas into Delta's facilities to cease upon notification by Delta of the necessity to interrupt or curtail the use of gas.

Delta shall have the right at any time to curtail or interrupt the transportation or delivery of gas to interruptible customers hereunder when, in Delta's sole judgment, such curtailment or interruption is necessary to enable Delta to maintain deliveries to customers of higher priority or to respond to any emergency. During such periods, Delta shall have the right to purchase any transportation gas delivered into Delta’s system for the account of the customer at the actual cost the customer paid for such gas.

Delta may execute special transportation contracts with anyone after said contract has been filed with and accepted by the Public Service Commission.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company) which averages a minimum of 25 Mcf of gas per day for the billing period on an individual service at the same premise who has purchased their own supply of natural gas and require transportation by the Company to the point of utilization subject to suitable service being available from existing facilities. In order to provide a fair opportunity to compete with other motor fuels, this minimum volume requirement may be waived by Delta at is sole discretion for compressed natural gas fueling station customers.

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta’s system, and/or requests to revert to the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Small Non-Residential, Large Non-Residential or Interruptible Service rate schedule.

CLASSIFICATION OF SERVICE - RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS OFF SYSTEM UTILIZATION

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available to any person whose facilities connect or can be made to connect with Delta's facilities or who can cause their natural gas to be delivered to Delta's facilities and who desires gas to be transported by Delta to a place of utilization not connected to Delta's facilities. Further, the person or persons desiring such transportation shall have executed a contract with Delta as set forth under the terms and conditions of this tariff.

RATE

The charge for service under this tariff shall be $0.3383 per 1,000 cu. ft. of gas transported, or, in the case of (I)
measurement based upon heating value, shall be $0.3383 per dekatherm. Any additions or modifications of (I)
the facilities required to perform this service shall be at the sole expense of the customer.

TERMS AND CONDITIONS

Specific details relating to volumes, delivery points and other matters shall be covered by a separate contract.

Delta shall reserve the right to purchase all or part of the gas to be transported at the same price the transporter would have received at the delivery point less Delta's applicable transportation charges, shrinkage and compressor fuel costs.

Delivery of gas transported hereunder will be effected as nearly as practicable on the same day as the receipt thereof. Delta will not be obligated to utilize underground storage capacity in performance of the service provided herein.

All gas volumes delivered hereunder shall shrink by 2% to cover line loss and measurement differences when no compression is being used in the transportation. When compression is required in the transportation, all gas volumes delivered hereunder shall shrink an additional amount equivalent to fuel usage.

CLASSIFICATION OF SERVICE - RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS OFF SYSTEM UTILIZATION

It shall be the customer's responsibility to make all necessary arrangements, including regulatory approvals, required to deliver gas transported under this tariff.

Delta reserves the right to refuse to accept gas that does not meet Delta's quality specifications.

Volumes of gas transported hereunder will be determined in accordance with Delta's measurement base.

Delta shall have the right at any time to curtail or interrupt the transportation or delivery of gas hereunder when, in Delta's sole judgment, such curtailment or interruption is necessary to enable Delta to maintain deliveries to retail customers of higher priority or to respond to any emergency.

Delta may execute special transportation contracts with anyone after said contract has been filed with and accepted by the Public Service Commission.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company) which averages a minimum of 25 Mcf of gas per day for the billing period.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

STANDBY SERVICE RATE SCHEDULE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by commercial and industrial customers who:

(1) purchase all or part of their natural gas requirements from sources other than Delta and who request Delta to be available to supply natural gas at that place of utilization; or

(2) request Delta to provide a standby energy source at their place of utilization.

CHARACTER OF SERVICE

Firm - within the reasonable limits of Delta's capability to provide such service unless otherwise specified in a contract between Delta and the customer.

RATES

Customer shall pay Delta a standby charge to be set forth in a contract between Delta and the customer that has been filed with and accepted by the Public Service Commission. In addition, monthly natural gas usage will be billed by Delta and paid by the customer in accordance with the charges set forth in Delta's General Service or Interruptible Rate Schedule under which it sells gas to the customer.

SPECIAL TERMS AND CONDITIONS

Service under this rate schedule shall be performed under a written contract between Delta and the customer setting forth specific arrangements as to standby charge, maximum daily volumes of natural gas required by the customer from Delta, points of delivery, methods of metering and other matters relating to individual customer circumstances.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GAS COST ADJUSTMENT CLAUSE

DETERMINATION OF GCR

The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each calendar quarter.

The gas cost recovery rates are comprised of:

(1) The expected gas cost component (EGC), on a dollar per Mcf basis, which represents the average expected cost of gas supplies and may include fixed price, forward price and indexed price purchases. The purchases are less amounts injected into underground storage. The EGC includes withdrawals from underground storage at the average unit cost of working gas. The EGC includes the uncollectible gas costs portion of bad debt. In an effort to mitigate price volatility, the Company may contract with gas suppliers at fixed prices, at locked-in prices for gas to be delivered at future dates (forward price) and at index-based prices. These efforts can include the monthly or periodic layering of forward purchase volumes to help moderate the volatility of gas prices. The Company may consider published futures prices as well as price trends and price expectations at the time such decisions are made. Depending upon the circumstances, this volume can be up to the annual projected system requirements including storage needs.

(2) The supplier refund adjustment (RA), on a dollar per Mcf basis, which reflects refunds received from suppliers during the reporting period, plus interest at the average 90 day commercial paper rate for the calendar quarter. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

(3) The actual adjustment (AA), on a dollar per Mcf basis, compensates for difference between the previous quarter's expected gas cost and the actual cost of gas during that quarter.

(4) The balance adjustment (BA), on a dollar per Mcf basis, which compensates for any under or over collections which have occurred as a result of prior adjustments.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GAS COST ADJUSTMENT CLAUSE

BILLING

The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following components:

GCR = EGC + RA + AA + BA

DEFINITIONS

For purposes of this tariff:

(a) "Average Expected Cost" means the cost of gas supplies, adjusted for injections/withdrawals into storage and the uncollectible gas costs portion of bad debt. Cost of gas supplies include associated transportation and storage charges, and propane which results from the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes during the twelve month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments in its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.

(b) "GCR" means the quarterly updated gas cost recovery rate applicable to the monthly consumption of customers (sum of the expected gas cost component plus the supplier refund adjustment plus the actual adjustment plus the balancing adjustment; i.e., GCR = EGC + RA + AA + BA).

(c) "Calendar Quarters" means each of the four three-month periods of (1) August, September and October; (2) November, December and January; (3) February, March and April; and (4) May, June and July.

(d) "Reporting Period" means the three (3) month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas recovery rates; i.e., the calendar quarter preceding that during which the most recent Quarterly Report was filed.

INTERIM GAS COST ADJUSTMENT FILINGS

The Company may make application for Interim Gas Cost Adjustments subject to the approval of the Commission.

CLASSIFICATION OF SERVICE – RATE SCHEDULES

SPECIAL CHARGES

The following charges shall be applied under the following conditions:

Collection Charge - A charge of $20.00 will be levied when a Company representative makes a trip to the premises of a customer for the purpose of terminating service. The charge may be assessed if service is actually terminated or if the customer pays the delinquent bill to avoid termination. The charge may also be assessed if the Company's representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. A collection trip may be made only after written notice has been sent to the customer stating that if the bill is not paid by a certain date the service will be disconnected. (I)

Reconnection Charge - A reconnection charge of $60.00* to be levied by the Company and paid by the customer before or at the time the service is reconnected shall be assessed as approved by the Public Service Commission when: (I)

(1) The customer's service has been disconnected for non-payment of bills or for violation of the Commission's or Company's Rules and Regulations, and the customer has qualified for and requested service to be reconnected. Customers qualifying for service reconnection under 807 KAR 5:006, Section 16 - Winter Hardship - shall be exempt from reconnect charges.

(2) The customer's service has been disconnected at the customer's request and at any time subsequently within twelve (12) months is reconnected at the same premise.

Bad Check Charge - The Company may charge and collect a fee of $15.00 to cover the cost of handling an unsecured check; where a customer tenders in payment of an account a check which upon deposit by the Company is returned as unpaid by the customer’s financial institution.

Request Test Charge - Pursuant to 807 KAR 5:006, Section 19, the Company shall make a test of any meter upon written request of any customer provided such request is not made more frequently than once each twelve (12) months. The customer shall be given the opportunity of being present at such request tests. If such tests show that the meter was not more than two percent (2%) fast, the Company may make a reasonable charge for the test. The test charge is based upon meter size and is as follows:

1,000 cubic feet per hour and under	$ 4.00
Over 1,000 to 10,000	$ 8.00
Over 10,000	$12.00

*The reconnection charge for any customer pursuant to KRS 278.485 shall be $25.00 as set forth in Sheet No. 6.1-6.2.

DATE OF ISSUE: April 14, 2025
DATE EFFECTIVE: July 1, 2025
ISSUED BY: /s/ John B. Brown
John B. Brown, President

CLASSIFICATION OF SERVICE
RATE SCHEDULES

SPECIAL CHARGES

Gas Light Charge - Monthly consumption of unmetered gas used for an outdoor gas light, as approved by the Company, will be calculated to be 1,500 cubic feet per month per mantle for upright mantles and for each pair of inverted mantles. On special models of gas lights where gas consumption is greater than those referred to above, the Company shall estimate, based on the manufacturer's suggested usage, the monthly consumption to the closest 100 cubic feet and bill customer that equal amount each month. Such consumption shall be billed under the appropriate rate schedule applicable to the customer.

Pilot Light Charge – As a courtesy, Delta will relight all gas appliances, at no charge to the customer, at the time of turn-on, meter rotation, or restoration of service. If a customer later requests assistance in relighting gas appliances not in conjunction with a turn-on, meter rotation or restoration of service, Delta may charge and collect from the customer $35.00 per hour, with a minimum charge of one hour.

1. APPLICABILITY

Applicable within all service areas served by Delta. namely: Bath County; Estill County; Montgomery County; Menifee County; Madison County; Powell County; Garrard County; Jackson County; Lee County; Bourbon County; Jessamine County; Rowan County; Bell County; Knox County; Whitley County; Laurel County; Lincoln County; Clay County; Leslie County; Fayette County; Fleming County; Clark County; Robertson County; Mason County; Lawrence County; Martin County; Perry County; Magoffin County; Pike County; Floyd County; Johnson County; Knott County; and Letcher County.

2. COMMISSION'S RULES AND REGULATIONS

All gas service rendered by the Company shall be in accordance with the Administrative Regulations by which gas utilities are governed by the Public Service Commission of Kentucky and all amendments thereto and modifications thereof which may be made by the Commission.

3. COMPANY'S RULES AND REGULATIONS

In addition to the Rules and Regulations prescribed by the Public Service Commission, all gas service rendered shall also be in accordance with the Rules and Regulations adopted by the Company.

4. FILING OF RATES, RULES AND REGULATIONS

A copy of all schedules of rates, rules and regulations under which gas service is rendered is on file for the public's benefit with the Public Service Commission of Kentucky. A copy of such rates, rules and regulations, together with the law, rules and regulations of the Public Service Commission of Kentucky is available for public inspection in the principal office of the Company.

5. NO EXCEPTIONS TO RULES AND REGULATIONS

No agent, representative or employee of the Company shall make any promise, agreement or representation not incorporated in or provided for by the Rules and Regulations of the Public Service Commission of Kentucky or of this Company and neither has any agent, representative or employee of the Company any right or power to amend, modify, alter or waive any of the said Rules and Regulations except as hereinafter provided.

6. RULES AND REGULATIONS MAY BE AMENDED

The Company reserves the right to amend or modify its Rules and Regulations or to adopt such additional Rules and Regulations as the Company deems necessary in the proper conduct of its business, subject to the filing with and acceptance of same by the Public Service Commission of Kentucky.

7. SUPERSEDE PREVIOUS RULES AND REGULATIONS

These Rules and Regulations replace and supersede all previous Rules and Regulations under which the Company has previously supplied gas service.

8. CUSTOMER CLASSIFICATIONS

Residential:	Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.
Small Non-Residential	Service to customers engaged primarily in the sale of goods or services including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation with a meter no larger than an AL425.
Large Non-Residential:	Service to commercial and industrial customers including institutions and local and federal government agencies with a meter larger than an AL425.

9. APPLICATION FOR SERVICE

A written application or contract, properly executed, may be required before the Company is obligated to render gas service. The Company shall have the right to reject for valid reasons any such application or contract. All applications for service shall be made in the legal name of the party desiring the service. To confirm the identity of prospective customers, Delta requires the following information: Name; Complete Social Security Number, last four digits of Social Security Number, or Driver's License Number. In addition, when service is turned on, the prospective customer will be required to present photo identification, or an alternate form of identification for someone who does not have photo identification, confirming his or her identity.

Applications for service are not transferable and new occupants of premises will be required to make application for service before commencing the use of gas. Customers who have been receiving gas service shall notify the Company when discontinuance of service is desired and shall pay for all gas until such notice has been given in person, in writing or by telephone and final meter reading is made by the Company.

When a customer moves within the service area of the Company, the customer shall be billed out at the original location and billed in at the new location. Therefore, the customer may receive two bills for the month in which the move occurs.

In case the customer is not the owner of the premises, it shall be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in, on or over said premises all such piping and other equipment as are required or necessary to install service line for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

10. REFUSAL OR DEFERRAL OF SERVICE

The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to customers already connected and being served.

11. RENEWAL OF CONTRACT

If, upon the expiration of any service agreement or service contract for a specified term, the customer continues to use the service, the service agreement or service contract (unless otherwise provided therein) will be automatically renewed and extended for successive periods of one year each, subject to termination at the end of any year upon written notice by either party in advance of the expiration date in accordance with the terms set forth in the service agreement or service contract.

12. CUSTOMER'S LIABILITY

The customer shall assume all responsibility for the gas service in or on the customer's premises at and from the point of delivery of gas and for all the piping, appliances and equipment used in connection therewith which are not the property of the Company, and will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the gross negligence of the Company.

13. FORCE MAJEURE

Neither Company nor Customer shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts affecting the company or its suppliers of gas, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension. Such causes or contingencies affecting the performance hereunder by either Company or Customer, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve either party from its obligations to make payments of amounts then due hereunder in respect of gas theretofore delivered.

14. ACCESS TO PROPERTY

The Company shall at all reasonable hours have access to meters, service connections and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation or removal of its property at the time service is to be terminated. Any employee of the Company whose duties require the employee to enter the customer's premises shall wear a distinguishing uniform or other insignia, identifying the employee as an employee of the company, or carry a badge or other identification which will identify the employee as an employee of the Company, the same to be shown by the employee upon request.

15. CONTINUOUS OR UNIFORM SERVICE

The Company will endeavor to supply gas continuously and without interruption, except for the rate schedules that state otherwise. However, the Company shall not be responsible for damages or otherwise for failure to supply gas for any interruptions of the supply when such failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure of the gas supplied and shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

16. EXCLUSIVE SERVICE

Except in cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, either by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company or person, and the customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used on premises not owned or controlled by the customer.

17. DEPOSITS

The Company may require a minimum cash deposit or other guaranty to secure payment of bills except from customers qualifying for service reconnection pursuant to 807 KAR 5:006, Section 16, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 278.460, will be paid on all sums held on deposit. The interest will be applied as a credit to the customer's bill or will be paid to the customer on an annual basis. If the deposit is refunded or credited to the customer's bill prior to the deposit anniversary date, interest will be paid or credited to the customer's bill on a pro-rated basis.

The deposit may be waived upon a customer's showing of satisfactory credit or payment history. Required deposits will be credited to the customer's bill between twelve and fifteen months after the month of deposit if the customer has established a satisfactory payment record for that period. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. Upon termination of service, the deposit and any interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

In determining whether a deposit will be required or waived, the following criteria may be considered:

(1) Previous payment history with the Company. If the customer has no previous history with the Company, statements from other regulated public utilities may be presented by the customer as evidence of good credit.

(2) Length of time the customer has resided or been located in the area.

(3) Whether the customer owns the property where service is to be rendered.

(4) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.

If a deposit is held longer than eighteen months, the deposit will be recalculated at the customer's request based on the customer's actual usage for the past twelve months. If the deposit on account differs from the recalculated amount by more than $10.00 for a residential customer or 10 percent for a non-residential customer, the Company may collect any underpayment and refunds, if any, will be credited to the customer's next utility bill. No refund will be made if the customer's bill is delinquent at the time of recalculation.

Once each year, a billing insert will be included with the bill advising the customer of the right to request a deposit recalculation.

Residential and small non-residential customers with meters up through AL425 will pay equal deposits in the amount of $95.00. This amount shall not exceed 2/12ths of the average annual bill.

Large non-residential customer's deposits shall be based upon actual usage of the customer at the same or similar premises for the most recent twelve month period if such information is available. If usage information is not available, the deposit will be based on the average bills of similar customers and premises in the system. The deposit amount shall not exceed 2/12ths of the customer's actual or estimated annual bill.

18. MONTHLY CUSTOMER CHARGE

A monthly customer charge shall be rendered against every meter installed unless service is discontinued in one customer's name and is not to be re-served at the location.

Special permission may be obtained from the local distribution supervisor for waiving of the monthly customer charge only when initial service is being rendered and no gas except test gas has been passed by the meter.

A full monthly customer charge will be rendered whenever service has been used for more than fifteen (15) days of a billing month, even if the consumption of the customer is zero (0).

If service is used less than fifteen (15) days in a given billing month and any consumption is recorded, the normal billing procedure shall apply.

19. MONTHLY BILLS

Bills for gas service will be rendered monthly unless otherwise specified. The term "month" for billing purposes shall mean the period between any two consecutive readings of the meter by the Company, such reading to be taken as near as practicable approximately every thirty (30) days.

Bills are due upon rendition and payable within a period not exceeding ten (10) days after the date of mailing.

Service shall be subject to being discontinued for non-payment of bills after the customer has been given at least ten (10) days written notice separate from the original bill and not before twenty seven (27) days from the mailing date of the original bill.

The Company may not terminate service to a customer if a medical certificate is presented or if a Certificate of Need from the Cabinet for Human Resources is presented in accordance with 807 KAR 5:006, Section 15 (2)(c) and (3).

Failure to receive a bill does not exempt a customer from these provisions.

When the Company is unable to read the meter after a reasonable effort, or where the meter fails to operate, the customer will be billed on an estimated basis and the billing adjusted as necessary.

The Company's billing form includes dates served; number of days in period; previous and present meter reading; Mcf usage; net amount due for service rendered; taxes, if applicable; adjustments, if any; special charges; total amount due; account number; billing date; due date; and service address.

20. BUDGET PAYMENT PLAN

The Company has a budget payment plan available for its residential and small non-residential customers whereby a customer may elect to pay a monthly amount for the budget year in lieu of monthly billings for actual usage. The monthly budget payment will be determined by the Company based, under normal circumstances, on a minimum of one-twelfth of the estimated annual usage, subject to review and adjustment during the budget year. The normal budget year is the 12 months from August through July, with any amounts to be settled being rolled into the subsequent budget year.

The customer's account may be adjusted through a series of levelized adjustments on a monthly basis if usage or changes in rates indicate that the account will not be current upon payment of the last budget amount.

To be accepted as a budget customer, the account balance must be paid in total before the customer is put on a budget payment plan. It is understood that this budget payment plan will continue until the customer notifies the Company in writing or by telephone to discontinue the plan or if the customer fails to pay bills as rendered under the budget payment plan. The Company reserves the right to revoke the plan and restore the customer to regular billing and require immediate payment of any deficiency.

Failure to receive a bill in no way exempts the customer from the provisions of these terms and conditions.

21. LOCAL FRANCHISE FEE OR TAX

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise or other similar fee or tax now or hereafter agreed to or imposed upon the Company by local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues of the Company. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the charges or taxes applicable to each customer shall be added to the customer's bill as separately identified items.

22. COMPANY-OWNED SERVICE LINE EXTENSIONS AND CONNECTIONS

The Company will install, own, operate and maintain the service line at the premises of residential and commercial customers, if such premises are not connected to a Company main by a service line. With respect to residential and commercial customers that occupy premises already connected to a Company main by a service line, the Company shall be responsible for operating and maintaining the customer service line and when the Company determines that replacement of such customer service line is necessary the Company shall be responsible for installing the service line and shall thereafter own the service line.

Any customer accepting gas service under this section shall be deemed to have granted the Company an easement across his property for such service. No service line shall be installed across private property other than the premises of the building to be supplied with gas; except after special investigation and approval by the Company.

An extension of 100 feet or less shall be made to an existing distribution main without charge for a prospective customer who shall apply for and contract to use service for one (1) year or more and provides guarantee for the service.

If an extension of the utility's main to serve an applicant or group of applicants amounts to more than 100 feet per customer, the Company may require the total cost of the excessive footage over 100 feet per customer to be deposited with the utility by the applicant, based on average estimated cost per foot of the total extension. Each customer receiving service under this extension shall be reimbursed under the following plan: each year for a refund period of not less than ten (10) years, the utility shall refund to the customer who paid for the excessive footage, the cost of 100 feet of extension in place for each additional customer connected during the year whose service line is directly connected to the extension installed, and not to extensions or laterals therefrom. Total amount refunded shall not exceed the amount paid to the utility. After the end of the refund period, no refund shall be required. An applicant desiring an extension to a proposed real estate subdivision may be required to pay all costs of the extension. Each year for a refund period of not less than ten (10) years, the utility shall refund to the applicant who paid for the extension a sum equivalent to the cost of 100 feet of extension installed for each additional customer connected during the year. Total amount refunded shall not exceed the amount paid to the utility. After the end of the refund period from the completion of the extension, a refund shall not be required.

Nothing contained herein shall be construed as to prohibit the Company from making at its expense greater extensions to its distribution mains or the granting of more favorable terms than herein prescribed, should its judgment so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

In the event that the Company is required to undertake any excavation on a customer’s property in connection with the installation, repair, maintenance or replacement of a service line, the Company shall make reasonable efforts to restore the property to its original condition pursuant to generally accepted utility standards for such construction operations.

23. COMPANY'S EQUIPMENT AND INSTALLATION

The Company shall furnish, install and maintain at its expense the necessary service connection. The location of this service connection will be made at the discretion and judgment of the Company.

The Company will furnish, install and maintain at its expense the necessary meter, meter stand (including meter riser), regulator and connections which will be located at or near the main service connection, property line or near the building, at the discretion or judgment of the Company. Suitable site or location for the meter, meter stand, (including meter riser), regulator and connections shall be provided by the customer and the title to this equipment shall remain in the Company with the right to install, operate, maintain and remove same and no charge shall be made by the customer for use of the premises as occupied or used.

24. PROTECTION OF COMPANY'S PROPERTY

All meters, piping and other appliances and equipment furnished by and at the expense of the Company, which may at any time be in or on the customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company and the customer shall protect such property from loss or damage and no one who is not an agent of the Company shall be permitted to remove such property or to tamper with or damage same.

25. CUSTOMER'S EQUIPMENT AND INSTALLATION

The customers shall furnish, install and maintain at their expense the necessary housepiping, connections and appliances and same shall be installed in accordance with the requirements and specifications of "INSTALLATION OF GAS PIPING AND GAS EQUIPMENT" as compiled and approved by the American National Standards Institute, the National Board of Fire Underwriters, The American Gas Association and other similar bodies, which is now contained in the National Fuel Gas Code (ANSI Z 223.1-1980) and any revisions thereof which are herewith incorporated by reference as a part of the Company's Rules and Regulations where applicable and when not in conflict with the requirements of the constituted authorities.

All appliances must be approved by a standard testing laboratory or agency and installed in accordance with the manufacturer and/or NFPA 54 guidelines.

Suitable pressure regulators shall be installed by, or at the expense of, the customer on all heating appliances and special equipment which have an hourly input of 50,000 BTU or higher; pressure regulators shall also be installed on all appliances with lower inputs where provided or recommended by the manufacturer or where necessary, at the discretion of the Company, to provide better and safer gas utilization and service.

All of the customer’s piping, connections and appliances shall be suitable for the purposes thereof and shall be maintained by the customer at his expense at all times in a good, safe and serviceable condition.

The Company shall inspect the condition of the meter and service connections before making service connections to a new customer pursuant to 807 KAR 5:006, Section 13(3). The Company shall not assume any responsibility and shall not be held liable in any way for the making of any periodic inspection of the customer’s piping, connections or appliances or for the customer’s failure to properly and safely install, operate and maintain same.

26. NOTICE OF ESCAPING GAS OR UNSAFE CONDITIONS

Immediate notice must be given by the customer to the office or employees of the Company if any escaping gas or unsafe conditions are detected or any defects or improper installations are discovered in the piping and equipment of either the Company or the customer which are on the customer’s premises.

No flames or lights are to be taken near any escape of gas and the gas must be shut off at the meter cock or valve until hazard is eliminated and the gas service is not to be turned on again except by a Company employee.

The Company will not be responsible or assume any liability for any injury, loss or damage which may arise from the carelessness or negligence of the customer or his agents or representatives.

27. <u>TURNING OFF GAS SERVICE AND RESTORING SAME</u>

The gas service may be turned off at the meter when justified by the customer or his agent or any constituted authorities but no person, unless in the employ of the Company or having permission from the Company, shall turn the gas on or restore service.

28. <u>CHARACTER OF SERVICE</u>

In accordance with 807 KAR 5:022, Section 6, the Company will normally supply natural gas having a heating value of approximately one thousand seventy (1,070) BTU per cubic foot and a specific gravity of approximately sixty-two hundredths (0.62). However, when necessary to supplement the supply of natural gas, the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquefied petroleum gas and air or a combination of same with natural gas.

29. <u>MEASUREMENT BASE</u>

The Company utilizes an appropriate measurement base in all service areas. The rates of the Company are based upon gas delivered to the customer on a basis of four (4) ounces per square inch above an assumed atmospheric pressure of fourteen and four-tenths (14.4) pounds per square inch or fourteen and sixty-five hundredths (14.65) pounds per square inch absolute pressure at an assumed temperature of sixty (60) degrees Fahrenheit; provided, however, the Company reserves the right to correct as necessary the actual temperatures to sixty (60) degrees Fahrenheit basis in the cases of large volume industrial customers.

All gas measured at pressures higher than standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

30. <u>GAS MEASUREMENT</u>

The gas consumed shall be measured by a meter or meters to be installed by the Company upon the customer's premises at a point most accessible or convenient for the Company and all bills shall be calculated upon the registration of said meter or meters except as hereinafter provided. If more than one meter is installed for the same or different classes of service at different locations on the customer's premises, each meter shall be considered separately in calculating the amount of any bills, except in those cases where the Company elects to install dual metering facilities in order to assure accurate measurement of all gas consumed. Meter readings may be combined and one bill rendered under these conditions. Meters include all measuring instruments and equipment.

All residences, commercial buildings or other occupied buildings shall have separate meters even if under the same roof, except in cases of multi-occupants under the same roof with a common entrance or within an enclosure or mobile home park where it is unreasonable or uneconomical to measure each unit separately.

When customers are served from high pressure lines, the meters, regulators and safety devises shall be located as near to the Company's main as is practicable.

31. METERING

Unless otherwise specified, a residential, commercial or industrial consumer shall be interpreted to mean a customer served through an individual meter.

A multiple unit dwelling shall be interpreted to mean two or more consumers or dwelling units, such as apartments, trailers or mobile homes within a trailer park.

A master meter shall be interpreted to mean one meter servicing a trailer or mobile home park or a multiple unit dwelling; the Company reserves the right to charge a minimum monthly rate per mobile home or trailer or individual consumer within a multiple unit dwelling served through a master meter.

Any time a master meter is used for rendering services, the Company shall require the execution of a service agreement in writing, which agreement, among other things, shall specify the number of customers served through such master meter.

32. POINT OF DELIVERY OF GAS

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from outlet of the meter to customer's yard line or house piping.

33. MCF
"Mcf" is defined as 1,000 cubic feet at the measurement base.

34. CCF
"Ccf" is defined as 100 cubic feet at the measurement base.

35. DTH
"Dth" is defined as 1,000,000 BTUs.

36. DELTA
"Delta" or "the Company" shall mean Delta Natural Gas Company, Inc.

37. CUSTOMER'S DISCONTINUANCE OF SERVICE
Reference 807 KAR 5:006, Section 13.

38. COMPANY'S DISCONTINUANCE OF SERVICE FOR CAUSE
Reference 807 KAR 5:006, Section 15.

39. SPECIAL RULES FOR CUSTOMERS SERVED FROM TRANSMISSION MAINS

Applicability – These special rules for customers served from transmission mains shall be applicable to the Company's service area set forth in the Company's rules and regulations as filed with and approved by the Public Service Commission.

Transmission Mains - In addition to the standard Rules and Regulations as applicable to 807 KAR 5:022, Section 2, which incorporates 49 C.F.R. Part 191, the following special Rules and Regulations shall apply to all customers served directly from the high pressure transmission mains.

All meters, regulators, equipment and connections necessary to serve the customer from high pressure transmission line shall be installed on the customer's premises at or as near the transmission line as is practicable.

Suitable site or location for the equipment owned by the Company or the owner of the line shall be provided and furnished by the customer without any expense to the Company. The Company shall have the right of ingress, egress and regress to and from this location at any time without any expense or charges from the customer.

The customers' yard line extending from the outlet of the meter shall be installed and maintained by the customers at their expense.

The customer shall notify the Company promptly of any leaks in the transmission line or equipment, also, of any hazards or damages to same.

40. SPECIAL PROVISIONS - LARGE VOLUME CUSTOMERS

Industrial, commercial or other customers using large volumes of gas on a varying basis shall install and maintain at their expense adequate piping and suitable regulating and control equipment to provide reasonable and practical limitation of intermittence or fluctuation in the pressure, volume or flow of gas and shall so regulate and control their operations and the use of gas hereunder so as not to interfere with gas service being furnished to them or to any other customers or with the proper and accurate metering of gas at their existing location or any other location.

41. MONITORING OF CUSTOMER USAGE

The Company monitors each customer's usage on a monthly basis in order to detect unusual deviations in individual customer consumption. Prior to each monthly billing, the Company compares the customer's current consumption with prior usage. Should an unusual deviation in the customer's consumption be found, the Company makes a reasonable attempt to determine the reason for the unusual deviation including re-reading the meter and testing the meter if required.

If the cause for usage deviation cannot be determined from analysis of the customer's meter reading and billing records the Company will contact the customer by telephone or in writing to determine whether there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume or known leaks in the customer's service line.

The Company will notify the customer of the investigation, its findings and any refunds or backbilling in accordance with 807 KAR 5:006, Section 11 (4) and (5).

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CLASSIFICATION OF SERVICE
RATE SCHEDULES

WEATHER NORMALIZATION ADJUSTMENT CLAUSE APPLICABLE TO RESIDENTIAL AND SMALL NON-RESIDENTIAL GENERAL SERVICE RATE SCHEDULES

WEATHER NORMALIZATION ADJUSTMENT (WNA)

The sales to residential and small non-residential customers shall be increased or decreased monthly by an amount hereinafter described as the Weather Normalization Adjustment (WNA).

DETERMINATION OF WNA

A Weather Normalization Adjustment Factor (WNAF) shall be utilized during the December through April billing months to calculate the non-gas portion of the bills of all residential and small non-residential heating customers. Billing month refers to the month in which the bills are mailed. During the remainder of the year, May through November, the monthly bills shall be computed solely on actual consumption. (T)

WEATHER NORMALIZATION ADJUSTMENT WILL BE CALCULATED USING THE FOLLOWING FORMULA:

WNA = WNAF * Actual Mcf * Base Rate Charge

An average daily base load will be determined separately for residential and small non-residential customers. The average daily base load will remain the same for the WNA December – April billing months. WNA will be billed for 5 billing periods.

An Average Monthly Base Load (AMBL) for residential or small non-residential customers will be calculated by using total Mcf for two month non-heat usage (August/September) divided by total number of residential or small non-residential customers billed for the two month period.

AMBL = MCF / NUMBER OF CUSTOMER

To calculate the Average Daily Base Load (ADBL), divide the Average Monthly Base Load by the average number of days in the two-month non-heat billing cycle.

ADBL = AMBL / AVERAGE # DAYS

DATE OF ISSUE: **April 14, 2025**
DATE EFFECTIVE: **July 1, 2025**
ISSUED BY: **/s/ John B. Brown**
John B. Brown, President

CLASSIFICATION OF SERVICE
RATE SCHEDULES

WEATHER NORMALIZATION ADJUSTMENT CLAUSE APPLICABLE TO RESIDENTIAL AND SMALL NON-RESIDENTIAL GENERAL SERVICE RATE SCHEDULES

Base Load (BL) is determined by multiplying the Average Daily Base Load per residential or small non-residential customer by the number of days in the billing cycle times the number of residential or small non-residential customers in the billing cycle.

BL = ADBL * # DAYS IN BILLING CYCLE * # CUSTOMERS IN BILLING CYCLE

The heat load is then determined by subtracting the residential or small non-residential customer's base load from the total Mcf billed in the billing cycle.

HL = MCF BILLED IN CYCLE - BL

A Heating Degree Factor (HDF) is then determined by dividing the Normal Degree-Days (NDD) for the billing cycle by the Actual Degree-Days (ADD) in the billing cycle.

HDF = NDD / ADD

The Weather Normalization Adjustment Consumption (WNAC) is computed by multiplying the Heating Degree Factor times the Heat Load and adding the Base Load to that number.

WNAC = HDF * HL + BL

The Weather Normalization Adjustment Factor is then calculated by dividing the WNA Consumption by the total Mcf billed in the cycle.

WNAF = WNAC / MCF

The WNAF will be recomputed monthly based on company averages. If the WNAF is less than 1.0, the customer's billed amount will be less than the actual amount would have been. If the WNAF is greater than 1.0 the customer's billed amount will be more than the actual amount would have been. The customer's bill is calculated by multiplying the actual Mcf usage by the WNAF times the base rate charge as set forth on Sheet No. 2 of this tariff.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

RIDER FOR GAS TECHNOLOGY INSTITUTE RESEARCH AND DEVELOPMENT

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17. This tariff applies to all gas sold by Delta under Delta's residential (Tariff Sheet No. 2), small non-residential (Tariff Sheet No. 3), large non-residential (Tariff Sheet No. 4), interruptible (Tariff Sheet Nos. 5-6) and farm tap (Tariff Sheet Nos. 6.1- (T)
6.2) rate schedules. It also applies to transportation by Delta under Delta's on system transportation (Tariff (T)
Sheet No. 7-9) rate schedule.

GTI R&D Unit Charge

The intent of the Gas Technology Institute Research and Development (GTI R&D) Unit Charge is to maintain the Company's level of contribution at the calendar year 2003 funding amount of approximately $12,347. The Unit Charge will be billed effective February 1, 2005 at the rate of $0.002 per Mcf.

WAIVER PROVISION

The GTI R&D Unit Charge may be reduced for one or more classifications of service or rate schedules at any time by the Company by filing notice with the Commission. Any such waiver shall not increase the GTI R&D Unit Charge to the remaining classifications of service or rate schedules without Commission approval.

REMITTANCE OF FUNDS

All funds collected under this rider will be remitted to Gas Technology Institute on an annual basis. The amounts so remitted shall be reported to the Commission annually.

TERMINATION OF THIS RIDER

Participation in the GTI R&D funding program is voluntary on the part of the Company. The Company may terminate this rider at any time by filing a notice of rescission with the Commission.

ENERGY ASSISTANCE PROGRAM RIDER
APPLICABLE TO RESIDENTIAL RATE SCHEDULE

ENERGY ASSISTANCE PROGRAM

An Energy Assistance Program ("EAP") surcharge of $0.30 per month will be applied to all residential bills rendered under the Residential Rate Schedule and Farm Tap Rate Schedule. Proceeds from the EAP surcharge will help fund a bill credit to enrolled low-income customers. It is available to eligible residential customers in the Company's service territory subject to enrollment through local community action agencies and subject to available funding.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY
APPLICABLE TO RESIDENTIAL RATE SCHEDULE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17. This tariff applies to all gas sold by Delta under Delta's residential tariff (Tariff Sheet No. 2).

CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY COMPONENT (CEPRC)

Delta's Conservation/Efficiency Program (the Program) is a demand-side management program established to promote conservation and the efficient use of natural gas by Delta's residential customers.

The prices to residential customers shall be increased monthly by an amount hereinafter described as the Conservation/Efficiency Program Cost Recovery Component (CEPRC), which allows Delta to recover costs associated with the Program.

DETERMINATION OF CEPRC

The Company shall file an annual report with the Commission which shall contain updated CEPRC rates at least thirty (30) days prior to the effective date of the new rates. The annual amount computed under the Conservation/Efficiency Program Cost Recovery Component shall be collected based on the CEPRC amount divided by the expected usage for the upcoming program year. For purposes of determining the CEPRC, the program year is defined as the twelve months ended October 31, with rates effective as of the following February 1. The amounts billed under the CEPRC will be computed solely on actual consumption.

The CEPCR is calculated using the following formula:

CEPRC = CEPCR + CEPLS + CEPI + CEPBA

CLASSIFICATION OF SERVICE
RATE SCHEDULES

CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY
APPLICABLE TO RESIDENTIAL RATE SCHEDULE

Whereby:

CEPCR = CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY

The CEPCR shall include all actual costs which have been approved by the Commission for each twelve month period for conservation/efficiency programs of the Company “approved programs”. Such program costs shall include the cost of planning, developing, implementing, monitoring, and evaluating CEP programs. In addition, all costs incurred including, but not limited to, costs for consultants, employees and administrative expenses, will be recovered through the CEPCR.

CEPLS = CEP REVENUE FROM LOST SALES

Revenues from lost sales due to CEP programs implemented on and after the effective date of this tariff will be recovered as follows:

The estimated reduction in customer usage (in Mcf) as a result of the approved programs for the previous twelve months shall be multiplied by the non-variable revenue requirement per Mcf for purposes of determining the lost revenue to be recovered hereunder. Non-variable revenue requirement is base rate charged to the applicable rate class under this tariff.

The aggregate lost revenues attributable to the program participant shall be divided by the estimated residential sales (in Mcf) for the upcoming twelve-month period to determine the applicable CEPLS surcharge.

Recovery of revenues from lost sales calculated for a twelve-month period shall be included in the CEPLS until the implementation of new base rates pursuant to a general rate case.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY
APPLICABLE TO RESIDENTIAL RATE SCHEDULE

Revenues collected hereunder are based on engineering estimates of energy savings, actual program participation and estimated sales for the upcoming twelve-month period. At the end of each such period, any difference between the lost revenues actually collected hereunder and the lost revenues determined after any revisions of the engineering estimates and actual program participation are accounted for shall be reconciled in future billings under the CEP Balance Adjustment (CEPBA) component.

CEPI = CEP INCENTIVE

For all Conservation/Efficiency Programs, the CEP incentive amount shall be computed by multiplying the net resource savings estimated from the approved programs times fifteen (15) percent. Net resource savings are defined as program benefits less utility program costs and participant costs where program benefits will be calculated on the basis of the present value of Delta's avoided commodity costs over the expected life of the program.

The CEP incentive amount shall be divided by the expected Mcf sales for the upcoming twelve month period to determine the CEPI. CEP incentive amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

CEPBA = CEP BALANCE ADJUSTMENT

The CEPBA shall be calculated on a twelve month basis and is used to reconcile the difference between the amount of revenues actually billed through the CEPCR, CEPLS, CEPI and previous application of the CEPBA and the revenues which should have been billed.

The program has an October year-end with rates effective February 1.

The CEPBA is the sum of the following components:

- The amount estimated to be recovered during the current program year from February 1 through October 31 less actual recovery.

CONSERVATION/EFFICIENCY PROGRAM COST RECOVERY
APPLICABLE TO RESIDENTIAL RATE SCHEDULE

- The amount estimated to be recovered during the prior program year from November 1 through January 31 less actual recovery.

- The balance adjustment amounts determined on the basis of the above paragraphs (1) and (2) shall include interest to be calculated at a rate equal to the average of the "3-month Commercial Paper Rate" for the immediately preceding 12-month period.

The balance adjustment amounts, plus interest, shall be divided by the expected Mcf sales for the upcoming twelve-month period to determine the CEPBA for each rate class.

Modifications to CEPRC

The filing of modifications to the CEPRC which require changes in the CEPCR component shall be made at least two months prior to the beginning of the effective period for billing. Modifications to other components of the CEPRC shall be made at least thirty days prior to the effective period for billing. Each filing shall include the following information as applicable:

(1) A detailed description of each CEP program, the total cost of each program over the previous twelve month period and budgeted costs for the next program year, an analysis of expected resource savings, information concerning the specific CEP or efficiency measures to be installed, and any applicable studies which have been performed, as available.

(2) A statement setting forth the detailed calculation of the CEPCR, CEPLS, CEPI, CEPBA and CEPRC.

Each change in the CEPRC shall be placed into effect with bills rendered on and after the effective date of such change.

PIPE REPLACEMENT PROGRAM (“PRP”) RIDER

APPLICABILITY

Applicable to all customers receiving service under the Company's Rate Schedules, Residential, Small Non-Residential, Large Non-Residential and Interruptible Services.

CALCULATION OF PIPE REPLACEMENT RIDER REVENUE REQUIREMENT

The PRP Rider Revenue Requirement includes the following:

a. PRP-related plant in service not included in base gas rates minus the associated PRP-related accumulated depreciation and accumulated deferred income taxes;
b. Retirement and removal of plant related to PRP construction;
c. The weighted average cost of capital on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes and PSC assessment;
d. Depreciation expense on the PRP-related plant in service less retirement and removals;
e. Reduction for savings in operating and maintenance expense;
f. Increased property tax expense on the PRP-related plant in service.

PIPE REPLACEMENT PROGRAM FACTORS

All customers receiving service under Delta's Residential, Small Non-Residential, Large Non-Residential and Interruptible Service Rate Schedules shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the pipe main replacement program.

The PRP Rider will be updated annually in order to reflect the expected impact on the Company’s revenue requirements of forecasted net plant additions and subsequently adjusted to true up the actual costs with the projected costs. A filing to update the projected costs for the upcoming calendar year will be submitted annually by October 15 to become effective with meter readings on and after the first billing cycle of January. Delta will submit a balancing adjustment annually by March 31 to true-up the actual costs, as offset by operations and maintenance expense reductions, during the most recent twelve months ended December with the projected program costs for the same period. The balancing adjustment true-up to the rider will become effective with meter readings on and after the first billing cycle of June.

EFFICIENT NATURAL GAS APPLIANCE REBATE PROGRAM

Rebates shall be offered to Delta Natural Gas residential customers who are constructing a new home, are changing from another energy source to natural gas, or who are adding or upgrading natural gas appliances to efficient models. For those constructing a new home, the rebate will be paid to one of the following parties: a builder constructing speculative home, a builder constructing model, tract or custom home, a customer contracting a builder, a customer acting as a general contractor, or a customer ordering a new manufactured or mobile home.

All equipment must meet program requirements and be installed according to applicable manufacturer's recommendations and code requirements. A customer must present the dated invoice to Delta within 120 days of installation in order to be eligible for a rebate. Delta personnel will perform a verification of the installation prior to granting the rebate. All equipment must meet the program guideline minimum requirements stated below with no exceptions.

Rebate Amounts and Program Guideline Minimum Requirements:

Natural Gas Heating Equipment	Efficiency Level	BTU Input	Rebate Amount
Forced Air Furnace or Boiler	90% or greater	30,000 or greater	$400.00
Dual Fuel Auxiliary Furnace	90% or greater	30,000 or greater	$300.00
Space Heater	99%	10,000 or greater	$100.00
Gas Logs	99%	18,000 or greater	$100.00
Gas Fireplace	90% or greater	18,000 or greater	$100.00
Natural Gas Water Heaters	**Efficiency Level**	**Unit Requirement**	**Rebate Amount**
Storage Tank Model	0.57 UEF	30 gallon or greater	$200.00
Power Vent or Direct Vent Model	0.65 UEF	40 gallon or greater	$250.00
On Demand Model	0.81 UEF	Tank-less	$300.00

There shall be no recovering from customers through the Conservation/Efficiency Program of any Efficient Natural Gas Appliance Rebate Program costs, including lost revenues and incentives.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

(T)

[redacted]
BEREA KY 40403

Account Number: [redacted]
Bill Date: Oct 14, 2024

Office hours: 7:00 A.M to 5:00 P.M Monday-Friday
Phone: (888) 427-7335

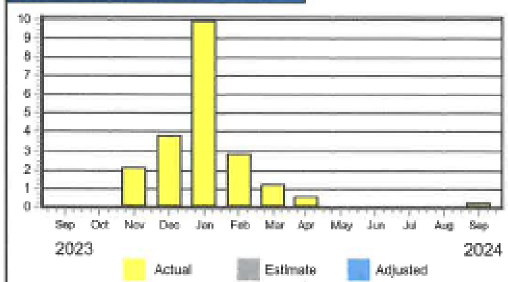
SUMMARY OF BASIC CHARGES

Credits And Charges Since Your Last Bill	
Balance from last bill	$26.19
Payment on SEP 24, 2024 - Thank You	26.19 CR
Balance	**$0.00**
Current Charges	
01 Residential Monthly Customer Charge	$24.00
Gas Usage Charge	
0.2 MCF @ $10.9500	2.19
Energy Assistance Program Tariff	.30
Pipe Replacement Pgm. 0.2 MCF @ $0.3280	.07
3.00% Rate Inc Madison Sch Tax on $26.56	.80
Total Current Charges	**$27.36**
Total Amount Due	**$27.36**

To our customers who pay their Delta Gas bill on-line, please be sure to change your account number with your banking service. For more information about your bill, visit www.deltagas.com.

You can pay your bill by Credit/Debit Card or Electronic Check. Call ACI Speedpay at (855) 730-8765 or visit www.deltagas.com and click on "Pay Bill Online"

MONTHLY USAGE COMPARISON



Average monthly use: 1.6 MCF
Total annual use: 21.1 MCF

	Avg Temp	Days
Current Month	65	34
Previous Month	62	29
Same Month last year	0	27

BILLING PERIOD & METER READINGS

Date	Read Type	Reading	Difference
Meter Number	Y637737		
OCT 07, 2024	Actual	280.8	0.2
SEP 03, 2024	Actual	280.6	
MCF Used in 34 Days			0.2

Please Pay Amount Due $27.36 by Oct 28, 2024

SEE REVERSE SIDE FOR EMERGENCY INFORMATION.

Please detach and return this coupon with a check made payable to Delta Natural Gas Company

816001503159

☐ Check here to indicate address and/or phone number change on back.
☐ Check here for automatic bank draft service. Complete application on back of this stub.

PO Box 535323
Pittsburgh PA 15253

DUE DATE	Oct 28, 2024	ACCOUNT NO.	[redacted]
	$27.36		
	Amount Due		Amount Enclosed

I am voluntarily adding $______ ($1.00 or more) to any payment for the Wintercare Program

05689
[redacted]
T19 P1 Berea, KY 40403-8710

DELTA NATURAL GAS CO INC
PO BOX 747108
PITTSBURGH, PA 15274-7108

1600 [redacted] 00000000002736000000002736

DATE OF ISSUE: **April 14, 2025**
DATE EFFECTIVE: **July 1, 2025**
ISSUED BY: **/s/ John B. Brown**
John B. Brown, President

CLASSIFICATION OF SERVICE
RATE SCHEDULES

(T)

SERVICE CHARGES		FARM TAP SERVICE CHARGES	
Reconnect	$9.00	New Installations	$150.00
Collection	$5.00	Reconnections and Turn-ons	$25.00
NSF	$15.00		

WE ARE PROUD TO OFFER AN AUTOMATED BILL PAYMENT SERVICE.
Pay your bill by electronic check, debit or credit card 24 hours a day, 7 days a week.
Pay online at www.deltagas.com or by phone (855) 730-8765.
Payment may be made with the following credit cards: VISA, MasterCard, Discover, or American Express.
A processing fee will be charged when using this service.

Rate Schedules-Information about rate schedules is available upon request or at www.deltagas.com/rates.html

Past due amount, if any, is immediately payable. Carrying a past due amount and/or failing to pay Total Account Balance in full by the due date may result in discontinuance of service and the assessment of collection charges.

FOR YOUR SAFETY

Natural gas has a distinct odor added for your protection. When you smell it:
Leave the house...immediately! Don't light matches or flip an eletrical switch.
Call us from a telephone other than your house phone.

EMERGENCY NUMBER
To report an emergency, please call: **(800) 432-0771.**

Call before you dig
If you are planning a home construction or landscaping project, call Kentucky 811 at least 72 hours before you start to dig. A representative will mark the approximate location of the underground utility lines on your property.

PAYMENT TERMS

Current Month's Bill
The current month's bill due date is shown on the front of this statement. Payment is due in Delta's office on or before the due date.

Previous Amounts Due
The due date indicated on this statement is for the current month's bill only and does not apply to Previous Amounts Due. Previous Amounts Due are past due and may be subject to disconnection. No extensions of time for Previous Amounts Due is being authorized by this statement.

**Usage is occasionally estimated due to weather conditions or unforeseen circumstances. Any adjustments from an estimated bill will be reflected with the next actual meter reading.

NOT RESPONSIBLE FOR MAIL DELIVERY. Failure to receive your bill does not exempt you from payment or discontinuance of service.

Direct email inquiries to:
customerservice@deltagas.com
www.deltagas.com

Change of Address

New Address____________________

City__________ State_____ ZIP_____

Phone____________________

Signature____________________

Automatic Bank Draft Service

Please deduct my payment from my
❑ Checking ❑ Savings
(Please attach a voided check).

I hereby authorize Delta Natural Gas Company, Inc. to debit my bank account in payment for gas service for the Delta customer shown on the reverse side. Upon notification, the automatic payment service will be stopped and the normal payment process will resume with the next billing.

DATE OF ISSUE: April 14, 2025
DATE EFFECTIVE: July 1, 2025
ISSUED BY: /s/ John B. Brown
John B. Brown, President

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