COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT FILING OF DELTA NATURAL GAS COMPANY, INC.	)))	CASE NO. 2025-00312

O R D E R

On September 26, 2025, Delta Natural Gas Company, Inc. (Delta) filed its proposed quarterly Gas Cost Recovery (GCR) rate report to be effective October 27, 2025. On February 22, 2021, the transfer of ownership of Peoples Gas KY, LLC (Peoples) to Delta was consummated following the closing of Case No. 2020-00346.[1] Delta's previous consolidated GCR rate was approved in Case No. 2025-00206.[2]

LEGAL STANDARD

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

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

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates, or the

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

[2] Case No. 2025-00206, *Electronic Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc.* (Ky. PSC July. 25, 2025), Order.

rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.[3]

DISCUSSION

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that Delta's unified GCR report includes revised rates designed to pass on to its customers its expected change in gas costs. Delta's unified GCR report sets out a proposed Expected Gas Cost (EGC) of $4.4670 per Mcf. The calculations provided by Delta in its application reflect a total quarterly gas cost of $7,929,618 instead of the $7,928,865 proposed by Delta. This discrepancy results in a difference of $0.0004 per Mcf and a corrected EGC of $4.4674 per Mcf, which is a decrease of $1.2632 per Mcf from the previous EGC of $5.7306 per Mcf. Delta's unified GCR rate report sets out a current quarter Actual Cost Adjustment (ACA) of ($0.0475) per Mcf. Delta's total ACA is $1.0221 per Mcf, which is a decrease of ($0.1748) per Mcf from the previous total ACA of $1.1969 per Mcf. Delta's unified GCR rate report sets out a current quarter Balancing Adjustment (BA) of $0.0341 per Mcf. Delta's total BA is ($0.0427) per Mcf, which is an increase of $0.0631 per Mcf from the previous total BA of ($0.1058) per Mcf. Delta's unified GCR report sets out no Refund Adjustment.

Delta's report sets out a GCR rate of $5.4464 per Mcf. Based upon the EGC correction discussed above, the Commission finds that Delta's unified GCR rate is $5.4468 per Mcf, which is a decrease of $1.3749 per Mcf from the previous GCR of $6.8217 per Mcf. The Commission further finds that the rate set forth in the Appendix to

[3] KRS 278.274(2); KRS 278.274(3)(c), and KRS 278.274(3)(d).

this Order is fair, just and reasonable, and should be approved for service rendered by Delta on and after October 27, 2025.

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

IT IS THEREFORE ORDERED that:

1. The rates proposed by Delta are denied.

2. The rates set forth in the Appendix to this Order are approved for service rendered on and after October 27, 2025.

3. Delta shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.

4. Should Delta purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount shall be documented in its cover letter to the Commission.

5. Delta shall continue to include information pertaining to the natural gas storage injections and withdrawals in the EGC and ACA components in its future GCR rate report filings.

6. Within 20 days of the date of service of this Order, Delta shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets

setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

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

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PUBLIC SERVICE COMMISSION

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Chairman

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Commissioner

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Commissioner

ATTEST:

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Executive Director

ENTERED

OCT 21 2025

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KENTUCKY PUBLIC
SERVICE COMMISSION

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00312 DATED OCT 21 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.

Gas Cost Recovery Rate

The Gas Cost Recovery rate shall be $5.4468 per Mcf for service rendered on and after October 27, 2025.

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