

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF OHIO	)	
VALLEY GAS CORPORATION AND VALLEY	)	
GAS INC. FOR APPROVAL OF OHIO VALLEY	)	
GAS CORPORATION'S ACQUISITION OF	)	CASE NO.
VALLEY GAS, INC.'S UTILITY ASSETS IN	)	2026-00120
BRECKINRIDGE COUNTY, KENTUCKY AND	)	
APPROVAL TO RECOVER AN ASSOCIATED	)	
ACQUISITION ADJUSTMENT	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO OHIO VALLEY GAS CORPORATION

Ohio Valley Gas Corporation (Ohio Valley Gas), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on July 1, 2026. The Commission directs Ohio Valley Gas to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Ohio Valley Gas shall make timely amendment to any prior response if Ohio Valley Gas obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Ohio Valley Gas fails or refuses to furnish all or part of the requested information, Ohio Valley Gas shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Ohio Valley Gas shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Joint Application, generally. Explain whether Valley Gas, Inc.'s (Valley Gas) current customers will be subject to Ohio Valley Gas's current rates and tariffs immediately upon consummation of this acquisition or if those customers will still be subject to Valley Gas's current rates set forth on its tariff until a later time.

2. Explain whether Ohio Valley Gas has provided any notice to prospective customers of its planned acquisition of Valley Gas or its application for approval of this transaction.

3. Refer to the Joint Application, pages 3–4. Provide the complete Banning Engineering appraisal report.

4. Refer to the Joint Application, page 13.

a. Provide Valley Gas's initial asking price and explain what specific factors drove the negotiated price to \$800,000.

b. Provide all calculations in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

5. Refer to the Joint Application pages 11–13.

a. Provide the list of specific capital improvement projects Ohio Valley Gas identified as necessary, including their estimated costs and implementation timelines, and how does Ohio Valley Gas intend to fund these improvements.

b. Provide the calculation the anticipated total rate impact on a residential customer over the 10-year Gas Plant Acquisition Adjustment (GPAA) amortization period when combined with the return component and projected future capital improvement rate increases.

c. Explain the valuation methodology or methodologies used in addition to Replacement Cost New Less Depreciation (RCNLD). Include the assumptions underlying the estimated value of approximately \$2,191 per customer, and describe any alternative valuation approaches that were considered, including the reasons for their use or rejection.

6. Refer to the Joint Application at 16. Explain how Ohio Valley Gas is in a stronger position to raise capital at lower rates than Valley Gas.

7. Refer to the Joint Application, page 16. Provide a comparison showing the difference between the rates charged to Ohio Valley Gas from NextEra Energy Services and the rates charged to Valley Gas from its current natural gas supplier.

8. Refer to the Application, Exhibit 2, Schedule 2.01(e). Refer also to the Joint Application, Exhibit 2, Schedule 4.07. Explain whether Ohio Valley Gas intends to continue each of the active contracts listed on Schedule 2.01(e) and Schedule 4.07.

9. Refer to the Joint Application, Exhibit 2, Schedule 4.04 Financial Statement Matters.

a. Explain how the net book value of \$72,323.14 was calculated, including the data sources, assumptions, and methodology used.

b. Given the acknowledged deficiencies in Valley Gas's financial records, including the use of cash-basis accounting and the absence of a proper fixed-asset reconciliation, explain the basis for Ohio Valley Gas's confidence in the accuracy and reliability of this figure.

10. Refer to the Joint Application, Exhibit 2, Schedule 4.07 Other Contracts. Given Valley Gas's ongoing five-year compliance supervision requirement with Utility Safety Design, Inc. (USDI) through April 2028.

a. Explain whether Ohio Valley Gas plans to continue the arrangement.

b. If so, provide the estimated cost and if those costs will be requested to be recovered through rates.

11. Refer to the Joint Application, page 5.

- a. Explain what impact is anticipated on Tell City district staffing.
- b. Explain whether any new hires or dedicated personnel be assigned specifically to the Irvington service territory.
- c. Explain what specific emergency response plan(s) for Valley Gas customers will be in place to handle emergencies, given the approximately 42-mile/55-minute distance from Tell City.

12. Refer to the Joint Application, generally, and given that Ohio Valley Gas has limited or no prior experience operating under Kentucky Public Service Commission (KYPSC) jurisdiction.

- a. Explain the steps it has taken to become familiar with KYPSC regulatory requirements, including 807 KAR 5:006.
- b. Explain how Kentucky-specific compliance obligations such as gas cost adjustment filings and annual reporting be managed going forward.

13. Refer to the Joint Application, pages 10–11. Valley Gas customers currently have local billing and payment options through the propane company. Explain the specific payment and billing options will Ohio Valley Gas provide to Irvington customers following the transaction, given that its existing operations are primarily based in Indiana.

14. Refer to the Joint Application, page 7, footnote 7. Explain why Exhibit 3 financial statements do not include the recent consolidation of Fountaintown Gas Company and South Eastern Indiana Natural Gas Company and provide updated consolidated financial statements reflecting Ohio Valley Gas's current financial position.

15. Refer to the Joint Application, page 11. Provide the calculation of Ohio Valley Gas's current weighted average cost of capital structure.

16. Refer to the Joint Application, page 13, Article 2.07. Consider this an ongoing request. When available, provide a copy of the Allocation Schedule as referenced in Article 2.07 of the APA.

17. Refer to the Joint Application, page 14. Explain what amounts of the purchase price and the cost of operating Valley Gas's system will be funded by the revenue generated from the Valley Gas service territory itself. Provide the calculation in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

18. Refer to the Joint Application, pages 14-15. State whether the estimated \$12.90 monthly Gas Plant Acquisition Adjustment (GPAA) includes the transaction cost and regulatory cost components. If not, state why.

19. Identify all components that comprise the GPAA.

20. Refer to the Application, pages 11 and 16. Provide a detailed explanation regarding why the Application requests recovering the GPAA at Valley Gas's weighted average cost of capital instead of Ohio Valley Gas's weighted average cost of capital.

21. Refer to Case No. 2025-00389<sup>2</sup> and Case No. 2026-00149<sup>3</sup>. Explain the impact of these two open purchase gas adjustment cases on this transaction, if any.

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<sup>2</sup> Case No. 2025-00389, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Mar. 17, 2026). Re-opened by rehearing Order on April 9, 2026.

<sup>3</sup> Case No. 2026-00149, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (filed June 10, 2026).

22. Explain if, and when, Ohio Valley Gas intends to obtain a Kentucky federal safety identification number. If Ohio Valley Gas has obtained the number already, provide all federal safety identifiers for Kentucky.

23. Refer to the Application, page 13.

a. Explain how the inputs were determined for the Replacement Cost New Less Depreciation. Provide any supporting workpapers in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible and unprotected.

b. Explain the conclusion that “per customer cost of installing new service would be greater than either value.” Include any supporting workpapers in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible and unprotected.

24. Provide a workpaper itemizing the approximately \$93,275.50 in transaction costs by cost element, vendor, and amount, distinguishing costs already incurred from costs estimated, with supporting invoices or engagement letters. Provide all calculations in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

a. Confirm that no Seller obligation, including any Cetane Associates commission or fee, is included.

b. State whether any OVG internal labor or allocated overhead is included and how it was priced.

25. Refer to the Application, page 11. Provide a workpaper detailing all items comprising the estimated \$50,000 in regulatory process costs. Provide all calculations in

Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

26. Refer to the Application, page 13. Provide the Appraisal of Valley Gas assets, including but not limited to, the Banning Engineering valuation and appraisal of Valley Gas, that Ohio Valley Gas relied on to evaluate the purchase price.

27. Provide all system condition assessments, due diligence report, or other review that Ohio Valley Gas relied on during the acquisition process.

28. Refer to the Application, pages 14–15. Provide all known, or expected, improvements Ohio Valley Gas has identified for the Valley Gas system. For each item, provide the estimated capital expenditure required. Include the expected date of completion for each item and how Ohio Valley Gas intends to recover the costs from ratepayers.

29. State whether Ohio Valley Gas will adopt Valley Gas's existing tariff and rates as they are presently at the consummation of the acquisition. If Ohio Valley Gas intends to change any tariff or rates, state when Ohio Valley Gas intends to file that case with the Commission.

30. Describe how Ohio Valley Gas will operate the purchased gas adjustment following the acquisition.

31. Refer to the Application, page 17. State whether Ohio Valley Gas will maintain its Kentucky system's records separately under the Uniform System of Accounts. Include in the response the methodology Ohio Valley Gas intends to use in allocating corporate and shared services costs, including but not limited to, centralized

billing, dispatch, emergency response, gas-supply, and regulatory functions between Ohio Valley Gas and the to-be-acquired Valley Gas territory.



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Linda C. Bridwell, PE  
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DATED     JUN 22 2026    

cc: Parties of Record

## Service List for 2026-00120

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