

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE PIPE)	CASE NO.
REPLACEMENT PROGRAM RIDER OF)	2012-00136
DELTA NATURAL GAS COMPANY, INC.)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO DELTA NATURAL GAS COMPANY, INC.

Delta Natural Gas Company, Inc. ("Delta"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this Request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or 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.

Delta shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Delta fails or

refuses to furnish all or part of the requested information, Delta shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied 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.

1. Refer to Delta's application, Pipe Replacement Program Filing work sheet for Program Year Ended December 31, 2011.

a. Explain the basis for the Balancing Adjustment included as part of the calculation, which is not a component of the Pipe Replacement Program ("PRP") Rider in Delta's approved tariff.

b. Explain the basis for and calculation of the \$22,800.00 Delta estimates it will collect during March and April 2012.

c. Explain why Delta's proposed PRP rates produce only \$319,083.00, \$963.00 less than the calculated revenue requirement of \$320,046.00, and whether Delta has considered a revision in its proposed rates in order to collect the revenue requirement.

2. Refer to Calendar Years 2010 and 2011 PRP Worksheets.

a. Provide a breakdown of the 2010 and 2011 additions to mains, services, and gathering lines by account, showing the length of pipe for each size pipe installed.

b. For each size pipe installed as identified in the response to part a. of this request, provide a breakdown of the installed cost showing separately the cost of materials, the cost of labor, and any other non-materials items.

3. In Case No. 2010-00116,¹ Mr. John Brown testified that the ability to recover the depreciation and carrying costs related to the capital investment, less operating expense reductions, lowers Delta's need to file frequent rate applications.² Mr. Brown also testified that customers would benefit from reductions in line losses attributable to the mains being replaced.³

a. Explain where operating expense reductions, presumably in the form of reduced operations and maintenance expenses, are reflected in Delta's application.

b. Explain whether Delta has determined if customers have realized benefits in the form of reductions in line losses since the inception of the PRP program.

4. Identify the general locations of the major main replacements that occurred in 2010 and 2011 and describe how those specific projects were selected and prioritized.

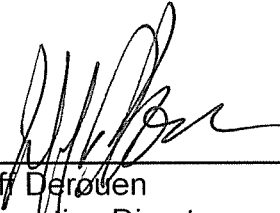
5. Explain how many miles of main and service lines, broken down by material (for example, bare steel) and age of pipe, Delta anticipates replacing over the term of its PRP program.

¹ Case No. 2010-00116, Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates (Ky. PSC Oct. 21, 2010).

² *Id.*, Application, Volume 3 of 3, Direct Testimony of John B. Brown, page 15.

³ *Id.*, page 13.

6. Provide the number of years Delta anticipates the PRP Rider will be needed for necessary pipe replacements and the estimated investment and eligible cost to be recovered per year.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

DATED MAY 14 2012

cc: Parties of Record

Case No. 2012-00136

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