



Delta Natural Gas Company, Inc.

3617 Lexington Road
Winchester, Kentucky 40391-9797



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September 24, 2012

RECEIVED

SEP 24 2012

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P O Box 615
Frankfort, KY 40602-0615

Dear Mr. Derouen:

Enclosed are the original and ten copies of Delta's Quarterly Report of Gas Cost Recovery Rate Calculation which determines the Gas Cost Recovery Rate (GCR) to be effective with the first billing cycle of November 2012 which includes meters read on and after October 29, 2012.

An extra copy of the filing is attached for public files.

Please acknowledge receipt of this filing by stamping the extra copy of the cover letter and returning to Delta in the envelope provided.

Sincerely,

Connie King

Connie King
Manager – Corporate & Employee Services

GAS COST
RECOVERY RATE CALCULATION

Date Filed	09/24/12
Date to be Effective	10/29/12

GAS COST RECOVERY CALCULATION

COST RECOVERY RATE EFFECTIVE OCTOBER 29, 2012		
PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	4.3119
SUPPLIER REFUND (RA)	\$/MCF	(0.1142)
ACTUAL ADJUSTMENT (AA)	\$/MCF	1.3304
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.2272)
GAS COST RECOVERY RATE (GCR)	\$/MCF	<u>5.3009</u>

EXPECTED GAS COST SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
PRIMARY GAS SUPPLIERS (SCHEDULE II)	\$	5,273,915
UTILITY PRODUCTION	\$	-
INCLUDABLE PROPANE	\$	-
UNCOLLECTIBLE GAS COSTS	\$	<u>15,162</u>
	\$	5,289,077
TOTAL ESTIMATED SALES FOR QUARTER	MCF	<u>1,226,617</u>
EXPECTED GAS COST (EGC) RATE	\$/MCF	<u>4.3119</u>

SUPPLIER REFUND ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE III)	\$/MCF	-
PREVIOUS QUARTER	\$/MCF	(0.0785)
SECOND PREVIOUS QUARTER	\$/MCF	(0.0205)
THIRD PREVIOUS QUARTER	\$/MCF	<u>(0.0152)</u>
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	<u>(0.1142)</u>

ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE IV)	\$/MCF	0.1662
PREVIOUS QUARTER	\$/MCF	(0.6271)
SECOND PREVIOUS QUARTER	\$/MCF	0.4885
THIRD PREVIOUS QUARTER	\$/MCF	<u>1.3028</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	<u>1.3304</u>

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
BALANCE ADJUSTMENT AMOUNT (SCHEDULE V)	\$	(278,735)
ESTIMATED SALES FOR QUARTER	MCF	<u>1,226,617</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>(0.2272)</u>

MCF PURCHASES FOR THREE MONTHS BEGINNING
November 1, 2012
AT SUPPLIERS COSTS EFFECTIVE
November 1, 2012

Supplier	MCF Purchases	DTH Conv Factor	Rates (\$)	Quarterly Cost	Rate Increase (I)/ Reduction (R)
TENNESSEE GAS PIPELINE PIPELINE (SCH II, PAGE 2 OF 2)				\$572,188	
ATMOS ENERGY MARKETING	401,477	1.037	3.2314	1,345,345	I
COLUMBIA GAS TRANSMISSION PIPELINE (SCH II, PAGE 2 OF 2)				\$243,643	
ATMOS ENERGY MARKETING	197,963	1.025	3.2148	652,326	I
COLUMBIA GULF TRANSMISSION M&B GAS SERVICES	136,920	1.238	3.5200	596,666	I
KENTUCKY PRODUCERS VINLAND	14,131	1.200	3.2877	55,749	I
STORAGE	<u>476,126</u>		3.7973	<u>1,807,998</u>	N
TOTAL	<u>1,226,617</u>			<u>5,273,915</u>	
 COMPANY USAGE	 18,399				

ESTIMATED UNCOLLECTIBLE GAS COSTS
FOR THE THREE MONTHS ENDED
January 31, 2013

TWELVE MONTH AVERAGE % OF PURCHASED GAS TO RECORDED REVENUE	42.00%	N
ESTIMATED BAD DEBT EXPENSE	\$36,100	I
% OF PURCHASED GAS TO BILLED REVENUE UNCOLLECTIBLE GAS COSTS	15,162	I

SUPPLIER REFUND ADJUSTMENT
 DETAIL FOR THE THREE MONTHS ENDED
 July 31, 2012

Particulars	Unit	Amount
SUPPLIERS REFUNDS RECEIVED (1)	\$	0
INTEREST FACTOR (2)		0.998201
REFUND ADJUSTMENT INCLUDING INTEREST	\$	0
SALES TWELVE MONTHS ENDED July 31, 2012	MCF	2,445,448
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	0.0000

(1) Suppliers Refunds Received	Date Received	Amount
Total		0.00

(2) Interest Factor			
RESULT OF PRESENT VALUE	0.1676920	-0.5 =	(0.332308)

**ACTUAL ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
July 31, 2012**

Particulars	Unit	For the Month Ended		
		May-12	Jun-12	Jul-12
SUPPLY VOLUME PER BOOKS				
PRIMARY GAS SUPPLIERS	MCF	194,451	146,199	315,131
UTILITY PRODUCTION	MCF	-	-	-
INCLUDABLE PROPANE	MCF	-	-	-
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	194,451	146,199	315,131
SUPPLY COST PER BOOKS				
PRIMARY GAS SUPPLIERS	\$	577,415	509,195	1,021,448
UTILITY PRODUCTION	\$	-	-	-
INCLUDABLE PROPANE	\$	-	-	-
UNCOLLECTIBLE GAS COSTS	\$	6,919	(16,554)	-
OTHER COST (SPECIFY)	\$	-	-	-
TOTAL	\$	584,334	492,641	1,021,448
SALES VOLUME				
JURISDICTIONAL	MCF	136,060	80,033	47,230
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	136,060	80,033	47,230
UNIT BOOK COST OF GAS	\$	4.2947	6.1555	21.6271
EGC IN EFFECT FOR MONTH	\$	6.4252	6.4252	6.4252
RATE DIFFERENCE	\$	(2.1305)	(0.2697)	15.2019
MONTHLY SALES	MCF	136,060	80,033	47,230
MONTHLY COST DIFFERENCE	\$	(289,876)	(21,585)	717,986
				Three Month
				Period
COST DIFFERENCE FOR THE THREE MONTHS	\$			406,525
TWELVE MONTHS SALES FOR PERIOD ENDED	MCF			2,445,448
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF			0.1662

**EXPECTED GAS COST BALANCE ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
July 31, 2012**

Particulars	Unit	Amount
COST DIFFERENCE BETWEEN BOOK AND EFFECTIVE EGC AS USED TO COMPUTE AA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	(1,023,400)
LESS: DOLLAR AMOUNT RESULTING FROM THE AA OF (0.3284) \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL SALES OF 2,445,448 MCF FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE	\$	<u>(803,085)</u>
BALANCE ADJUSTMENT FOR THE AA	\$	<u>(220,315)</u>
DOLLAR AMOUNT OF SUPPLIER REFUND ADJUSTMENT AS USED TO COMPUTE RA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	(48,165)
LESS: DOLLAR AMOUNT RESULTING FROM THE UNIT RATE FOR SUPPLIER REFUND ADJUSTMENT OF (0.0155) \$/MCF AS USED TO COMPUTE RA OF THE JURISDICTIONAL SALES FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE FOR THE MCF TOTAL OF 2,445,448	\$	(37,904)
BALANCE ADJUSTMENT FOR THE RA	\$	<u>(10,261)</u>
DOLLAR AMOUNT OF BALANCE ADJUSTMENT AS USED TO COMPUTE BA OF THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	139,379
LESS: DOLLAR AMOUNT RESULTING FROM THE BA OF 0.7122 \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL MCF SALES OF 263,323 FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT IMMEDIATELY PRIOR TO THE CURRENT RATE	\$	<u>187,539</u>
BALANCE ADJUSTMENT FOR THE BA	\$	<u>(48,160)</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>(278,735)</u>

**COMPUTATION OF VINLAND PRICE EFFECTIVE 11/01/12 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER 2012 THROUGH JANUARY 2013**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$3.2877 per MMBtu dry

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 11/01/12 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER 2012 THROUGH JANUARY 2013 (TGP)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$3.2314 per MMBtu dry

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 11/01/12 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER 2012 THROUGH JANUARY 2013 (TCO)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$3.2148 per MMBtu dry

**COMPUTATION OF M&B PRICE EFFECTIVE 11/01/12 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER 2012 THROUGH JANUARY 2013**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$3.5200 per MMBtu dry

TGP SUPPLIED AREAS PURCHASE PROFILE:

9/17/2012

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
November 2012	79,342	82,277	\$3.020	(\$0.060)	\$243,541.01
December	141,295	146,523	\$3.278	(\$0.060)	\$471,511.10
January 2013	<u>180,840</u>	<u>187,531</u>	\$3.421	(\$0.060)	<u>\$630,293.15</u>
	401,477	416,332			\$1,345,345.26
Fixed Price ____		0	\$0.000		\$0.00
Fixed Price ____		0	\$0.000		\$0.00
Total Dth		416,332			
WEIGHTED AVERAGE PRICE PER DTH:					<u><u>\$3.2314</u></u>

COLUMBIA SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
November 2012	44,757	45,876	\$3.020	(\$0.07)	\$135,333.13
December	63,003	64,578	\$3.278	(\$0.07)	\$207,165.06
January 2013	<u>90,203</u>	<u>92,458</u>	\$3.421	(\$0.07)	<u>\$309,827.78</u>
	197,963	202,912			\$652,325.97
Fixed Price ____		0	\$0.000		\$0.00
Fixed Price ____		0	\$0.000		\$0.00
Total Dth		202,912			
WEIGHTED AVERAGE PRICE PER DTH:					<u><u>\$3.2148</u></u>

VINLAND SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
November 2012	2,836	3,403	\$3.020	0	\$10,277.66
December	5,224	6,269	\$3.278	0	\$20,549.13
January 2013	<u>6,071</u>	<u>7,285</u>	\$3.421	0	<u>\$24,922.67</u>
	14,131	16,957			\$55,749.46
WEIGHTED AVERAGE PRICE PER DTH:					<u><u>\$3.2877</u></u>

COLUMBIA GULF SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
November 2012	136,920	169,507	\$3.020	\$0.50	\$596,666.05
December	0	0	\$3.278	\$0.50	\$0.00
January 2013	<u>0</u>	<u>0</u>	\$3.421	\$0.50	<u>\$0.00</u>
	136,920	169,507			\$596,666.05
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:					<u><u>\$3.5200</u></u>

**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

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate (GCR) **</u>	=	<u>Total Rate</u>
Customer Charge *	\$ 20.90000				\$ 20.90000
All Ccf ***	\$ 0.43185		\$ 0.53009		\$ 0.96194 /Ccf

(R)

* The customer charge includes \$0.20 collected under Delta's Energy Assistance Program Tariff Rider as set forth on Sheet No. 38 of this tariff.

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

*** Residential rates are also subject to the "Conservation/Efficiency Program Cost Recovery Component (CEPRC)" of .01173/Ccf. 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 also subject to a Pipe Replacement Program charge of \$.47, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

DATE OF ISSUE: September 24, 2012

DATE EFFECTIVE: October 29, 2012 (Final Meter Reads)

ISSUED BY: Glenn R. Jennings, Chairman of the Board, President and CEO

**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

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate (GCR) **</u>	=	<u>Total Rate</u>
Customer Charge	\$ 31.20000				\$ 31.20000
All Ccf ***	\$ 0.43185		\$ 0.53009		\$ 0.96194 /Ccf

(R)

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 Ccf 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 also subject to a Pipe Replacement Program charge of \$0.91 as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

DATE OF ISSUE: September 24, 2012

DATE EFFECTIVE: October 29, 2012 (Final Meter Reads)

ISSUED BY: Glenn R. Jennings, Chairman of the Board, President and CEO

**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

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate (GCR) **</u>	=	<u>Total Rate</u>
Customer Charge	\$ 131.00000				\$ 131.00000
1 - 2,000 Ccf	\$ 0.43185		\$ 0.53009		\$ 0.96194 /Ccf
2,001 - 10,000 Ccf	\$ 0.26696		\$ 0.53009		\$ 0.79705 /Ccf
10,001 - 50,000 Ccf	\$ 0.18735		\$ 0.53009		\$ 0.71744 /Ccf
50,001 - 100,000 Ccf	\$ 0.14735		\$ 0.53009		\$ 0.67744 /Ccf
Over 100,000 Ccf	\$ 0.12735		\$ 0.53009		\$ 0.65744 /Ccf

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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 Ccf 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 also subject to a Pipe Replacement Program charge of \$7.05, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

DATE OF ISSUE: September 24, 2012

DATE EFFECTIVE: October 29, 2012 (Final Meter Reads)

ISSUED BY: Glenn R. Jennings, Chairman of the Board, President and CEO

**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

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

RATES

	<u>Base Rate</u>	+	Gas Cost Recovery Rate <u>(GCR) **</u>	=	<u>Total Rate</u>
Customer Charge	\$ 250.00000				\$ 250.00000
1 - 10,000 Ccf	\$ 0.16000		\$ 0.53009		\$ 0.69009 /Ccf
10,001 - 50,000 Ccf	\$ 0.12000		\$ 0.53009		\$ 0.65009 /Ccf
50,001 - 100,000 Ccf	\$ 0.08000		\$ 0.53009		\$ 0.61009 /Ccf
Over 100,000 Ccf	\$ 0.06000		\$ 0.53009		\$ 0.59009 /Ccf

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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.

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 \$35.20, 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 Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

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ISSUED BY: Glenn R. Jennings, Chairman of the Board, President and CEO