

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF DELTA NATURAL)
GAS COMPANY, INC) CASE NO. 2012-00549

O R D E R

On October 21, 2010, in Case No. 2010-00116,¹ the Commission approved rates for Delta Natural Gas Company, Inc. ("Delta") and provided for their further adjustment in accordance with Delta's Gas Cost Recovery ("GCR") clause.

On December 17, 2012, Delta filed its proposed GCR rate to be effective January 28, 2013. On January 15, 2013, an Informal Conference was held in this case to discuss Delta's efforts to address gas cost under-recoveries it has historically experienced through the operation of its GCR mechanism.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Delta's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Delta's notice sets out an Expected Gas Cost ("EGC") of \$4.5917 per Mcf, which is an increase of \$.2798 per Mcf from the previous EGC of \$4.3119 per Mcf.

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

3. Delta's notice sets out no current quarter Refund Adjustment ("RA"). Delta's total RA is (\$.0990) per Mcf, which is an increase of \$.0152 per Mcf from the previous quarter total RA of (\$.1142) per Mcf.

4. Delta's notice sets out a current quarter Actual Adjustment ("AA") of \$.6907 per Mcf. Delta's total AA is \$.7183 per Mcf, which is a decrease of \$.6121 per Mcf from the previous total AA of \$1.3304 per Mcf.

5. Delta's notice sets out a Balance Adjustment ("BA") of \$.1821 per Mcf, which represents an increase of \$.4093 per Mcf from the previous BA of (\$.2272) per Mcf.

6. Delta's GCR rate is \$5.3931 per Mcf, which is an increase of \$.0922 per Mcf from the previous GCR rate of \$5.3009 per Mcf.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by Delta on and after January 28, 2013.

8. The Commission's Final Order in Case No. 2011-00147² reflected Delta's stated intention to monitor changes in its EGC calculation and their effectiveness in addressing Delta's under/over-recoveries of gas cost through its GCR mechanism. Delta's Application for its GCR rate to be effective with the first billing cycle of November 2013 should include its preliminary evaluation of those EGC calculation changes along with any initial conclusions Delta has drawn concerning their usefulness in addressing more timely recovery of its gas cost. At the time Delta files its Application for its

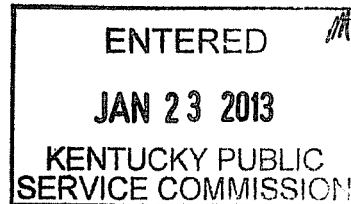
² Case No. 2011-00147, Application of Delta Natural Gas Company, Inc. for Approval of a Revised Gas Cost Recovery Tariff (Ky. PSC Oct. 6, 2011).

November 2013 GCR rates, the first EGC calculated using its revised methodology will have been included in its GCR rates and reconciled through the AA for a full 12 months, and any remaining under- or over-recoveries will be included in the BA in that Application.

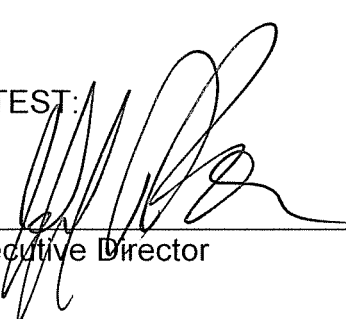
IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for final meter readings on and after January 28, 2013.
2. Within 20 days of the date of this Order, Delta shall file its revised tariffs with this Commission setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.
3. Delta's Application for GCR rates effective November 2013 shall include the information required herein concerning the effectiveness of its EGC calculation revision.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2012-00549 DATED JAN 23 2013

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 authority of this Commission prior to the effective date of this Order.

RATE SCHEDULES

AVAILABILITY

Available for general use by residential, commercial, and industrial customers.

RATES

	<u>Base Rate</u>	plus	<u>Gas Cost Recovery Rate</u>	equals	<u>Total Rate</u>
Residential					
Monthly Service Charge	\$ 20.70				
All Ccf	\$.43185		\$.53931		\$.97116

Residential rates are also subject to the Conservation/Efficiency Program Cost Recovery Component (CEPRC) of \$.01173 per Ccf.

Small Non-Residential

Monthly Service Charge	\$ 31.20				
All Ccf	\$.43185		\$.53931		\$.97116

Large Non-Residential

Monthly Service Charge	\$ 131.00				
1 – 2,000 Ccf	\$.43185		\$.53931		\$.97116
2001 – 10,000 Ccf	.26696		.53931		.80627
10,001 – 50,000 Ccf	.18735		.53931		.72666
50,001 – 100,000 Ccf	.14735		.53931		.68666
Over 100,000 Ccf	.12735		.53931		.66666

Interruptible

Monthly Service Charge	\$ 250.00		
1 - 10,000 Ccf	\$.16000	\$.53931	\$.69931
10,001 – 50,000 Ccf	.12000	.53931	.65931
50,001 – 100,000 Ccf	.08000	.53931	.61931
Over 100,000 Ccf	.06000	.53931	.59931

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