

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL)	
GAS COMPANY, INC. FOR COMMISSION)	
APPROVAL OF A NAUTRAL GAS)	CASE NO. 2003-00172
PURCHASING PLAN TO MITIGATE PRICE)	
VOLATILITY)	

FIRST DATA REQUEST OF COMMISSION STAFF TO
DELTA NATURAL GAS COMPANY, INC.

Delta Natural Gas Company, Inc. (Delta), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 5 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than June 16, 2003. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Delta s description of its price mitigation strategies for the 2001-2002 winter heating season. Delta states that it forward priced 371,000 dth in both June and October 2001 for Tennessee-supplied areas and 169,000 dth in both June and October 2001 for Columbia-supplied areas.

a. Explain how Delta determined the appropriate volumes to forward price in each supply area.

b. Explain how Delta decided when to forward price these purchases.

c. Describe the market conditions that existed at the time Delta made the decisions to forward price these purchases.

d. Explain whether Delta considered using a dollar cost averaging approach.

2. Refer to Delta's Natural Gas Mitigation Plan (Plan). Delta states that it intends to continue monitoring futures prices and to forward price some or all of its winter needs, including storage injections, especially if future prices start to decline. Provide a description of how Delta will determine:

- a. When to enter into forward pricing contracts.
- b. The volume of flowing gas that it will cover.
- c. The percentage of storage injections it will cover.

3. Delta's Plan states that it expects the weighted average cost of gas (WACOG) injected into storage in 2003 will be greater than the WACOG in storage in 2002. Provide Delta's WACOG for working gas in storage for the 2002-2003 winter and its estimate of the WACOG for working gas in storage for 2003-2004.

4. Published reports indicate that there are fewer large, financially viable energy companies operating today than were operating 2001.

a. Provide the names of suppliers with whom Delta contracted on its forward price purchases for the 2001-2002 heating season.

b. Identify what suppliers Delta expects to use if it decides to forward price any of its supply for the upcoming winter heating season.

5. Explain why Delta did not engage in price mitigation activities for the Tennessee- and Columbia-supplied areas for the 2000-2001 and 2002-2003 winter heating seasons.

6. Provide the following information for the employees who will make the decisions regarding any forward pricing that Delta performs:

a. Name and title.

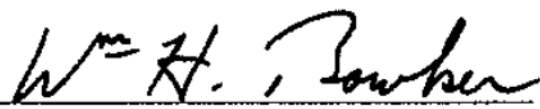
b. Level of experience in natural gas procurement.

c. Level of experience with forward pricing or fixed price contract negotiations.

7. Provide the total Mcf volume of Delta's projected normal winter requirements for the period November 1, 2003 through March 31, 2004.

8. Of Delta's total projected normal winter requirements for the 2003-2004 heating season how much is expected to come from its Canada Mountain storage field?

9. Provide the upper and lower limits of the volumes that Delta anticipates it could forward price for the upcoming heating season and describe how it determined those volumes.


William H. Bowker
Deputy Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

DATED June 9, 2003

cc: All Parties

