

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF DELTA NATURAL GAS)
COMPANY, INC. TO ESTABLISH AN ENERGY) CASE NO.
ASSISTANCE PROGRAM RIDER SURCHARGE) 2005-00464

COMMISSION STAFF'S NOTICE OF INFORMAL CONFERENCE
AND INITIAL DATA REQUEST TO
DELTA NATURAL GAS COMPANY, INC.

Pursuant to Administrative Regulation 807 KAR 5:001, Section 4(4), Commission Staff requests that Delta Natural Gas Company, Inc. ("Delta") appear at an informal conference on December 13, 2005 at 2:30 p.m., Eastern Standard Time, in Conference Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky. The purpose of the conference is to discuss issues regarding Delta's proposed Energy Assistance Program, including, but not limited to, its responses to the Staff's data request that is contained herein.

Delta is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due December 12, 2005. 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 requested herein has been provided, in the format requested herein,

reference may be made to the specific location of said information in responding to this information request.

1. Delta has proposed an energy assistance program (“EAP”) for its residential customers. Subsection (1)(f) of KRS 278.285 requires that the Commission give consideration to the extent to which customer representatives and the Office of Attorney General (“AG”) are involved in developing proposed EAPs. It appears that Delta’s filing does not address that requirement, which the Commission found to be a serious shortcoming in the design of an energy assistance program proposed by LG&E in Case No. 2001-00323.¹ Describe the extent to which the AG or other customer representatives have been involved in developing Delta’s proposed EAP.

2. Delta’s cover letter states that the proposed EAP surcharge is estimated to generate \$110,000 annually, based on a surcharge of \$0.05 per Mcf.

a. Provide the calculations, including the time period in which the Mcf sales volumes occurred, which show the derivation of the estimate of \$110,000.

b. Explain how Delta determined that \$0.05 per Mcf is the appropriate amount for its proposed surcharge as compared to either a smaller or larger amount.

3. Delta’s cover letter states that the EAP is planned to operate similar to Columbia Gas of Kentucky’s (“Columbia”) plan. Columbia’s plan includes a shareholder contribution equal to 35 percent of the total funding of the plan, whereas Delta’s proposed contribution of \$25,000 would only be an 18.5 percent contribution. Explain

¹ Case No. 2001-00323, Joint Application of Louisville Gas and Electric Company, Metro Human Needs Alliance, People Organized and Working for Energy Reform, Kentucky Association for Community Action, and Jefferson County Government, for the Establishment of a Home Energy Assistance Program, Order dated December 27, 2001, at 21.

how Delta determined that its contribution of \$25,000 is appropriate. Explain, also, why Delta should not be required to make a 35 percent contribution as does Columbia.

4. Delta's cover letter states that "[d]etails of the EAP will be determined with local community action agencies." Identify the specific community action agencies that will be involved in this determination and describe the extent to which any details have been developed since the November 8, 2005 filing of the proposed EAP tariff.

5. Refer to the response to Item 4 of this request. Explain how Delta can assure the Commission that the funds collected from ratepayers through the proposed EAP will be disbursed in an efficient and effective manner.

6. What incremental expenses, administrative or otherwise, does Delta expect to incur if it is permitted to implement the proposed EAP? Explain the response.

7. In Case No. 2001-00323, the Commission denied the \$0.46 monthly per meter surcharge proposed by LG&E on the basis that it was not reasonable. It is likely that a \$0.05 per Mcf surcharge will result in a monthly increase to some customers' bills in excess of \$0.46 in high usage months during the winter heating season. Explain why the Commission should find Delta's proposed surcharge to be reasonable.

8. Delta's letter states that "[t]his is proposed to be an experimental tariff that would be reevaluated after three years."

a. By "reevaluated after three years" does Delta mean that some form of evaluation has already been performed? Explain the response.

b. Explain how Delta chose three years as the period for its proposed experimental tariff.

c. The last sentence of the letter refers to “the high cost of natural gas this winter season.” Is Delta proposing to continue the proposed EAP for three years irrespective of whether the high cost of natural gas continues beyond this winter heating season? Explain the response.



Beth O'Donnell
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Public Service Commission
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DATED December 5, 2005

cc: All Parties