

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL)	
GAS COMPANY, INC. FOR APPROVAL OF)	
A CUSTOMER CONSERVATION/)	
EFFICIENCY PROGRAM AND DEMAND)	CASE NO. 2008-00062
SIDE MANAGEMENT COST RECOVERY)	
MECHANISM)	

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 to file with the Commission the original and 3 copies of the following information, with a copy to all parties of record. The information requested herein is due April 22, 2008. 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 the 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 responses 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 requests 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 shall 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. Has Delta performed “California Tests” (ratepayer participant test, utility cost test, ratepayer impact measure test, and total resource cost test) to determine the cost effectiveness of this program?

a. If yes, provide the test results and copies of all available workpapers.

b. If the answer is no, perform these tests and provide the results. Include all workpapers, calculations, and assumptions used by Delta to perform the “California Tests.”

2. Refer to page 3 of the application. Paragraph 10 requests that the Commission authorize Delta to amortize the cost of the development and approval of the Conservation and Efficiency Program and the proposed tariff over 3 years.

a. To Delta’s knowledge, has the Commission ever approved this in a demand-side management case?

b. If yes, cite the case number in which this treatment was approved.

c. Provide the total cost incurred by Delta to develop its Conservation and Efficiency Program and the proposed tariff. The total cost incurred should be detailed by type of service and vendor with supporting documentation for each.

d. Provide the cost incurred to date and the anticipated total cost of this current proceeding. The projected amount should be detailed by type of service and vendor with supporting documentation for each.

3. Refer to page 10 of Exhibit 1. KRS 278.285(3) states that “[t]he commission shall assign the cost of demand-side management programs only to the class or classes of customers which benefit from the programs.” The proposed tariff addresses changes in only the residential rate schedule yet the description of the Home Energy Audit Program references business owners several times. Is Delta proposing to include both types of customers in one or both programs or will it limit the programs to only residential customers?

4. Refer to page 3 of Exhibit 1.

a. When did Delta first begin performing home energy audits?

b. For the 10-year period from 1998 through 2007, provide a schedule listing the number of customers receiving an energy audit and the annual costs of the audits incurred by Delta. Include all workpapers, calculations, and assumptions used by Delta to develop the annual cost information.

c. Delta refers to local branch offices that have jointly performed home energy audits with Delta for Delta’s customers. Identify and provide the location of the branch offices referenced by Delta.

5. Refer to pages 7 and 8 of Exhibit 1. The Guidelines state that the installation of the equipment must have occurred after the program inception date of October 1, 2007 in order to receive a rebate.

- a. Has Delta already begun the rebate program?
- b. If yes, when did Delta begin the program?
- c. If yes, provide the number of rebates and the dollar amounts distributed by year.

6. Refer to page 10 of Exhibit 1. Delta proposes to offer the Home Energy Audit for free.

- a. Explain whether Delta considered charging a fee for the energy audit service.
- b. If yes, explain why no fee was developed.

7. Refer to pages 12 and 13 of Exhibit 1.

- a. Explain the basis for the projected participation and costs provided.
- b. Provide any workpapers, calculations and assumptions Delta used to develop its projections.
- c. Explain in detail how Delta developed its rebate dollar amounts.
- d. Delta originally submitted its Conservation and Efficiency Program in Case No. 2007-00089.¹ Does Exhibit 1 in the current application contain updated participation and cost projections from those presented in the rate case?

¹ Case No. 2007-00089, Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates (Ky. PSC Oct. 19, 2007).

e. According to the information on page 13, Delta's cost per residential audit will be \$20 per audit each year. Explain why Delta believes that its cost to perform the audit will remain constant.

f. Provide in detail what is included in the costs for the Residential Energy Audits.

g. Provide the type of advertising included in Program Advertising and explain why advertising costs are expected to decrease each year of the program.

h. Explain why the cost of the infrared camera is not being depreciated rather than allocated to the first year.

i. For the costs included in Labor, provide the number of employees, a description of their duties in the program and an explanation as to why the costs are expected to remain constant.

j. Provide in detail what is included in the costs for Office Expenses and an explanation as to why the costs are expected to remain constant.

k. At page 3 of the application, Delta states that the estimated cost for the program in 2008 is \$205,292. However, the budgeted expenditures for 2008 are \$167,120. Provide an explanation for the apparent discrepancy between the two numbers.

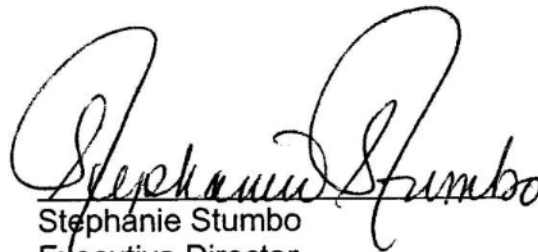
8. Refer to page 14 of Exhibit 1.

a. Who performed the conservation estimates?

b. Explain how the estimates were developed.

9. Refer to page 15 of Exhibit 1. Explain how Delta determined that its incentive for administering the Conservation and Efficiency Program should be 15 percent.

10. Refer to the first page of Exhibit 2. Delta's proposed tariff states that the "prices to residential customers shall be increased monthly by an amount hereinafter described as the Conservation/Efficiency Program Cost Recovery Component (CEPRC)...." Explain how Delta proposes to show the CEPRC on a customer's bill.

A handwritten signature in black ink, appearing to read "Stephanie Stumbo", written in a cursive style.

Stephanie Stumbo
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

Dated: April 8, 2008

cc: Parties of Record