

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING)
OF DELTA NATURAL GAS COMPANY, INC.) CASE NO. 2010-00127

SECOND 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 five copies of the following information, with a copy to all parties of record. The information requested herein is due within seven days of the date of this request. 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 response 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 request 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.

1. Confirm Delta's understanding that the issue of concern in the instant case is line loss as defined in the initial data request as the excess of purchases over sales as passed through the Gas Cost Recovery ("GCR") rate and not system lost and unaccounted-for gas.

2. Refer to Delta's response to Item 1.a. of Staff's initial data request.

a. Explain why a BTU adjustment is appropriate as a reconciling factor when all gas costs are already converted to an Mcf basis through the GCR mechanism.

b. Explain why an imbalance adjustment is appropriate as a reconciling factor in terms of factoring in differences between "predicted" and actual flow.

3. Explain whether Delta has considered adding any reconciling factors to its GCR mechanism that would better match its purchased gas cost to recovery.

4. Explain whether Delta has considered changing its Actual Adjustment calculation to improve the mismatch between calendar month purchases and billing month sales. Provide any supporting calculations available.

5. Refer to Delta's response to Items 3. and 1.a of Staff's initial request. With the understanding that, for purposes of the GCR, the Commission defines line loss as the excess of purchases over sales, and that the Commission has consistently held that line loss as recovered through the GCR is limited to five percent, explain why the excess of purchases over sales was so much greater in 2007 and 2008 compared to the other years included in the responses.



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

DATED: MAY 10 2010

cc: Parties of Record

Connie King
Mngr. Corporate & Employee Services
Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391