



**Delta Natural Gas Company, Inc.**

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December 20, 2005

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PUBLIC SERVICE  
COMMISSION

Beth O'Donnell  
Executive Director  
Public Service Commission  
P O Box 615  
Frankfort, KY 40602-0615

RE: CASE NO. 2005-00464

Dear Ms. O'Donnell:

Per our discussion at the informal conference held December 13, 2005 at the Commission's offices attached is additional information concerning the eligibility criteria for Delta's EAP as well as the nature of the services and costs associated with the CAC involvement in the program.

Delta remains very interested in beginning this program as soon as possible in order to provide assistance this winter to qualifying customers. We still encourage the adoption of our program as proposed at \$0.05 per Mcf and see how it works. We envision this program operating for the period of November – March of each year and we are attaching the information we provided at the conference.

Some key points of our program are:

- In order to qualify for Delta's EAP, participants must be active Delta customers
- Participants must be at or below 110% of the Federal poverty income guidelines
- Gross monthly income must be verified at the time of application and annually thereafter
- Participants must apply for Low Income home Energy Assistance Program and direct subsidy payment to Delta
- Participants must understand that no refunds will be issued unless a credit balance exists on a final bill, then the amount refunded will only be the portion of the credit balance in excess of the EAP assistance

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At our conference there was some discussion about our existing WinterCare program. We receive voluntary contributions from customers and match those and the funds are paid into WinterCare. For the period of July – December 2004, our contribution was \$975.61 and for the period of January 1 – September 30, 2005 it was \$1,480.94. Upon reviewing this further it appears that very minimal amounts of WinterCare funding actually benefit our customer base. Thus, we propose to cease our WinterCare involvement and instead to provide company funds as proposed in this filing. We proposed \$25,000.00 as a company annual contribution. If we cease WinterCare we are willing to increase our company annual contribution to \$30,000.00. This is more than we had originally suggested and is more than our combined contribution and WinterCare matching would have been, but we are willing to do this to help this program succeed.

Hopefully, this information is sufficient to cover the points raised at our informal conference. If there should be any other information needed please let us know. We are also available to meet with the staff and AG to discuss this further as needed.

Sincerely,



Connie King  
Director – Rates & Treasury

copy: Jeff Shaw (email)  
Dennis Howard (U S Mail & email)  
Elizabeth Blackford (U S Mail & email)

Year 1

\$110,000	
<u>25,000</u>	
\$135,000	
<u>- 14,735</u>	(300 applications @ \$25.00)
\$120,265	(300 customers - \$400.00 each)

November -	\$ 50.00
December -	\$ 70.00
January -	\$ 90.00
February -	\$100.00
March -	<u>\$ 90.00</u>
	\$400.00

Year 2

\$110,000	
<u>25,000</u>	
\$135,000	
<u>-12,275</u>	
\$122,725	(300 customers - \$410.00 each)

November -	\$ 50.00
December -	\$ 70.00
January -	\$ 90.00
February -	\$100.00
March -	<u>\$100.00</u>
	\$410.00

Item	Year 1	Year 2
Project Manager (5% of Salary)	\$ 2,600.00	\$ 2,678.00
Fringe Benefits (35.054% of 5%)	911.40	911.40
Fee for Service (300 applications)	7,500.00	7,500.00
Information Technology	2,000.00	-0-
Sub-Total before Indirect	13,311.40	11,089.40
CAC Indirect @ 10.7% Administrative Fee	1,424.32	1,186.57
Total	\$14,735.72	\$12,275.97

Fee for Service based on \$25.00 per application for 300 customers

**Justification for Community Action Council to implement the program in collaboration with its state-wide community action network agencies.**

- Confidentiality of personal and financial information about participating Delta customers
- Keep up to date with Federal poverty guidelines
- Infrastructure including software and hardware, already in place to process this type of information
- Most agencies already involved in Columbia Gas and/or Kentucky Utilities programs, which are virtually identical
- Staff ability to contact program participants for re-certifications, or other issues involving their participation in the program, including home visits for disabled persons
- Ability to maintain a waiting list since the program will only serve a fraction of those eligible – as a person comes to the top of the list, community action agencies have the ability to re-check the client's income eligibility compared to when they first applied
- Relying solely on who receives LIHEAP in a certain year would prohibit admission into the program year-round
- Ability of community action agencies to provide additional resources to families from the wide variety of programs and services addressing multiple needs including weatherization, as well as make other social service referrals

**Justification for a program manager, and a fee for service arrangement for state-wide community action network agencies.**

- The program manager will keep the program operational, coordinating the activities of and training the other agency's activities. The program manager is the administrator of the program. Given the wide service area, multiple agencies need to be involved in the program for program participant accessibility. There is a community action agency in every county in Kentucky. The fee for service makes sense because of the relatively small applications each individual agency will conduct. The fee for service will create a clean audit trail for program activities. Fee for service is consistent with Columbia Gas EAP and Kentucky Utilities HEA.

**Itemized fringe amounts.**

- FICA at 7.65% of salary budgeted (\$199)
- Varies by job classification, estimated at (\$117)
- Pension at 8% of salary budgeted (\$208)
- Health insurance estimated at \$351, which is 5% of actual cost of plan consistent with salary budgeted
- Life insurance at .77% of salary budgeted (\$20)
- Disability at .75% of salary budgeted \$(16)

Total \$911

**Explanation of Indirect Rate**

- The Indirect cost rate is the established rate determined by the Department for Health and Human Services for Community Action Council. The rate applies to all of the Council's grants and contracts for the non-program-specific administration costs of the Council. The rate is reviewed and set annually by the Department for Health and Human Services. The Council is required by law to apply the rate to ensure there is no cross-subsidation between programs. (For example, to ensure that the federal

Head Start child development program would not subsidize the costs to administer this program. A Copy of the approved rate can be forwarded if needed.

**Information on Information Technology Needs**

- Includes time for a programmer to make simple modifications to current systems set up for KUHEA and CGEAP. Modifications would result in a module specific to the Delta Gas program. This also includes time for training of agencies about the specific Delta Gas program and developing reports necessary to communicate required data to Delta Gas and other concerned and interested parties.