

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**NOTICE OF DELTA NATURAL GAS COMPANY, )  
INC. TO CONTINUE ITS ENERGY ASSISTANCE ) CASE NO. 2007-00154  
PLAN )**

**ATTORNEY GENERAL'S COMMENTS**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and tenders the following comments in the above-styled matter.

**I. Summary of Plan**

Delta Natural Gas Company, Inc. (hereinafter referred to as "Petitioners" or "Company") seeks Commission approval to continue the Energy Assistance Program ("EAP") approved by Order of the Commission in Case No. 2005-00464.

In that matter, the Company was granted an increase of \$0.20 in the monthly customer charge to all Delta residential customers for the purpose of creating a fund to assist low-income, residential natural gas customers. This program was intended to replace Delta's "Winter Care" program. These funds generated under the plan were collected on a monthly basis and then pooled with a fixed contribution by the Company to provide assistance to the Company's low-income residential customers in paying their natural gas utility bills.

Although the Company retained overall responsibility for the program, distribution of funds to individual participants and day-to-day administration of the program was accomplished through the Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties ("CAC"). The authorization by the Commission to collect and distribute these funds was temporary in nature and provided that collection of these funds was authorized beginning February 1, 2006 and continuing until April 30, 2007. The Order further required that the Company collect data concerning the implementation and administration of the program and file

a report evaluating same with the Commission no later than May 15, 2007. The Commission's Order provided that the contents of the aforesaid report should be determined through discussion with the Attorney General and Commission staff and that these discussions were to be held no later than March 1, 2007.

In response to that directive, the Company filed a request with the Commission on April 12, 2007 seeking Commission approval to continue its EAP on a temporary basis until such time as it received further Orders from the Commission and requesting a informal conference between itself, the Commission staff and the Office of the Attorney General to define the requirements of the aforementioned report.

As a result of that request, an informal conference was held on April 24, 2007 between representatives of the Company, the Commission staff and the Office of the Attorney General. A memorandum of that meeting was filed of record in the matter setting forth the requirement of the report and a schedule for the parties to review and comment on the report.

## **II. Attorney General's Comments**

The Attorney General offers the following comments on the program as proposed by the Company.

First, the Attorney General notes that the program originally approved by the Commission in its Order in 2005-00464 was temporary in nature. In that Order, the Commission granted authorization for the Company to collect these funds beginning on February 1, 2006 and continuing until April 30, 2007. The Attorney General notes that in its current application, the Company seeks authorization to continue collecting and distributing these funds, but has not defined the length of time for which the continuation is sought. While the Attorney General recommends that the Commission continue this program at this time, it is recommended that a fixed time period be established for such continuation to allow for a review of the program by the parties and the Commission. The Attorney General recognizes that yearly re-approvals of the program is burdensome to all parties and the Commission, however it is suggested that a maximum of three years be adopted by the Commission as an appropriate extension period for

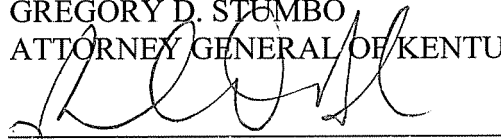
the program. It is suggested that a three year period is a reasonable time period which would allow for a meaningful review of the program as well a determination as to whether it should continue.

Second, the Attorney General renews his objections and recommendations as outlined in his previous comments in case 2005-00464 in regard to the monthly customer charge. The Attorney General reasserts that a monthly customer charge of \$0.10 per meter is consistent with past Commission Orders regarding these per meter customer charges in similar cases. The Attorney General notes that allowing these charges to be twice the amount of those charged under other similar programs unfairly penalizes Delta customers. While the amount proposed by the Company may have been appropriate on a temporary basis, going forward, some consistency and standardization in the amount collected from customers should be encouraged and adopted by the Commission.

Lastly, the Attorney General recommends that the report required by the Commission in its Order in 2005-00464 be re-adopted by the Commission and that the Company be required to file its report concerning the program in the record of the matter on a yearly basis. This requirement would assist the Commission and the parties in determining whether the program is being administered by the Company in accordance with the Order of the Commission.

Subject to the above comments, the Attorney General would recommend the Commission approve the Application.

Respectfully submitted,  
GREGORY D. STUMBO  
ATTORNEY GENERAL OF KENTUCKY



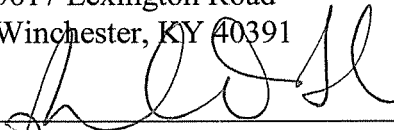
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**CERTIFICATE OF SERVICE AND NOTICE OF FILING**

I hereby give notice that this the 30<sup>th</sup> day of July, 2007, I have filed the original and ten copies of the foregoing Attorney General's Comments with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

Connie King  
Director - Rates & Treasury  
Delta Natural Gas Company, Inc.  
3617 Lexington Road  
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ASSISTANT ATTORNEY GENERAL