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David L. Armstrong
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March 13, 2012

PARTIES OF RECORD

Re: Case No. 2012-00025
Application of Delta Natural Gas Company, Inc. to Extend its Natural Gas Supply
Hedging Plan to March 31, 2015

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Virginia Gregg, Staff Attorney, at 502-564-3940, Extension 407.

Sincerely



Jeff Derouen
Executive Director

VG/kar

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File – Case No. 2012-00025
Application of Delta Natural Gas Company, Inc. to Extend its Natural Gas Supply Hedging Plan to March 31, 2015

FROM: Virginia Gregg, Team Leader

DATE: March 12, 2012

SUBJECT: March 12, 2012 Informal Conference

An Informal Conference (“IC”) was held in this case at the Commission’s offices on March 12, 2012. A list of those participating is shown in Attachment A to this memorandum. Representatives of Delta Natural Gas Company, Inc. (“Delta”) attended, along with members of Commission Staff (“Staff”). The IC had been requested by Staff for the purpose of discussing issues in this proceeding.

Delta provided explanations concerning its existing Natural Gas Supply Hedging Plan, how it is implemented, and why continuing to have the ability to hedge natural gas prices is important. Delta believes the current relatively low gas prices and reduced volatility are due to a warmer than normal winter and a weak economy, with correspondingly decreased demand. Greater availability of shale gas production is also contributing to lower prices and volatility. Production cutbacks, an improving economy, and increasing use of natural gas to generate electricity could very well lead to higher prices and volatility in the future, according to Delta, with market indicators predicting higher prices in the months and years to come. Because of this, Delta believes its Hedging Plan will be a desirable tool in planning its gas supply mix.

Staff indicated that a data request would be issued in the near future so that Delta could supplement the record in this proceeding, and that it would recommend an interim Order approving the current plan, pending a Final Order, be issued at the same time.

The conference was then adjourned.

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DELTA NATURAL GAS)
COMPANY, INC. TO EXTEND ITS NATURAL) CASE NO.
GAS SUPPLY HEDGING PLAN TO MARCH 31,) 2012-00025
2015)

March 12, 2012

Please sign in:

NAME	REPRESENTING
<i>Alexis Jennings</i>	<i>Delta Natural Gas</i>
<i>Robert Wain</i>	<i>Delta/SAO</i>
<i>Leah Faulkner</i>	<i>PSC - FA</i>
<i>Mary Glover</i>	<i>PSC - ENGINEERING</i>
<i>Vince Hine (PSC)</i>	<i>PSC - Intern</i>
<i>Virginia Gregg</i>	<i>PSC - legal</i>
<i>Ron Handzrak</i>	<i>PSC - FA</i>