



STOLL
KEENON
OGDEN

300 WEST VINE STREET
SUITE 2100
LEXINGTON, KY 40507-1801
MAIN: (859) 231-3000
FAX: (859) 253-1093

ROBERT M. WATT, III
DIRECT DIAL: (859) 231-3043
DIRECT FAX: (859) 246-3643
robert.watt@skofirm.com

June 19, 2012

HAND DELIVERED

Hon. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40601

RECEIVED

JUN 19 2012

PUBLIC SERVICE
COMMISSION

Re: Delta Natural Gas Company, Inc.
Case No. 2012-00136

Dear Mr. Derouen:

We enclose for filing an original and ten copies of the Response and Objection of Delta Natural Gas Company, Inc. to the Motion Out-of-Time of Stand Energy Corporation for Full Intervention in the above-captioned case. Please place it in the file and bring it to the attention of the Commission. Thank you in advance for your assistance.

Sincerely,

Robert M. Watt, III

rmw:rmw

Enclosure

cc: Virginia Gregg, Esq. (w/encl.)
Mr. Matthew Wesolosky (w/ encl.)
Dennis Howard, II, Esq. (w/encl.)
John M. Dosker, Esq. (w/encl.)

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COMMONWEALTH OF KENTUCKY

JUN 19 2012

BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE PIPE)	
REPLACEMENT PROGRAM RIDER)	CASE NO. 2012-00136
OF DELTA NATURAL GAS)	
COMPANY, INC.)	

**RESPONSE AND OBJECTION OF DELTA NATURAL GAS
COMPANY, INC. TO THE MOTION OUT-OF-TIME
OF STAND ENERGY CORPORATION
FOR FULL INTERVENTION**

Delta Natural Gas Company, Inc. (“Delta”) respectfully submits this Response and Objection to the Motion Out-of-Time of Stand Energy Corporation (“Stand”) for Full Intervention in this proceeding. As indicated in the caption to Stand’s motion, it is not timely filed as required by 807 KAR 5:001, Section 3(8). In addition, Stand has not demonstrated that it is likely to present issues or to develop facts that assist the Commission in fully considering the matter at issue in this proceeding without unduly complicating or disrupting the proceedings, as required by 807 KAR 5:001, Section 3(8)(b). Therefore, Stand’s motion should be denied.

Discussion

Delta initiated this proceeding on February 29, 2012, by filing proposed tariffs and worksheets supporting its calculation of the adjustment in rates under its Pipeline Replacement Program Rider (the “PRP Rider”). On April 17, 2012, the Commission suspended the tariffs for five months so that it may investigate the proposed adjustment under the PRP Rider. Two sets of requests for information have been issued by the

Commission. Thereafter, on June 8, 2012, Stand filed its motion for full intervention. This case has advanced well past the time that a motion for full intervention would have been “timely.” Stand even admits that the motion is not timely by stating in its caption that the motion is “out-of-time.” For this reason alone, the motion should be denied. Moreover, Stand offers no reason or justification for its “out-of-time” filing by which the Commission might be persuaded to grant deviation from the timeliness requirement in the regulation at 807 KAR 5:001, Section 3(8).

Stand’s arguments in support of its motion seem to be based on the notion that this proceeding is more comprehensive than it is. The issues in this proceeding are confined to a determination of the reasonableness of Delta’s proposed adjustments under its PRP Rider tariff. Thus, this case concerns only a review of the PRP Rider itself and the expenditures for the replacement of pipeline for the time period encompassed by the proposed adjustment.

Stand, however, argues that it should be permitted to intervene so that it may present evidence concerning the threshold levels for transportation tariffs. As Stand notes, this was one of the topics at issue in Administrative Case No. 2010-00146. The Commission, however, did not suggest that the issue of threshold levels for transportation tariffs was appropriate any time a local distribution company appears before the Commission. Instead, it said that “existing transportation thresholds bear further examination, and the Commission will evaluate each LDC’s tariffs and rate design **in each LDC’s next general rate proceeding.**”¹ (Emphasis added). This case is certainly not a general rate proceeding.

¹ Report to the General Assembly attached as an appendix to the Order dated December 28, 2010, in Administrative Case No. 2010-00146 at 23.

Stand also argues that an additional ground supporting its motion is that the suspension ordered by the Commission on April 17, 2012, makes it possible to perform a class cost of service study on the Delta system “to properly determine appropriate volumetric transportation thresholds and align various service classifications accordingly.”² Aside from the fact that Stand’s argument is a non sequitur, cost of service studies are customarily utilized in general rate proceedings and not in proceedings regarding periodic between rate case adjustments, such as the PRP Rider Adjustment, Gas Cost Recovery Adjustment and the like. One of the reasons that the Commission approves such riders is to enable utilities to make approved adjustments quickly and efficiently without the need for the development of the significant volume of information normally presented in general rate cases. Stand’s suggestion would transform this proceeding into a general rate proceeding and defeat one of the primary purposes for the use of adjustment tariffs like the PRP Rider.

As a result, Stand’s arguments in favor of its full intervention demonstrate that its intervention would not present issues or develop facts that would assist the Commission in fully considering the matters before it in this proceeding. In addition, the presentation of evidence on these issues would clearly complicate and disrupt the proceeding as they have no relevance to the issues before the Commission.

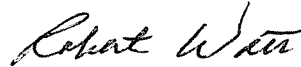
² Motion at 5.

Conclusion

For the foregoing reasons, it is respectfully submitted that Stand's out-of-time motion for full intervention should be denied.

Dated: June 19, 2012

Respectfully submitted,



Robert M. Watt, III
Stoll Keenon Ogden, PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507
859-231-3000
robert.watt@skofirm.com

Counsel for Delta Natural Gas
Company, Inc.

Certificate of Service

This is to certify that the foregoing pleading has been served by mailing a true copy of same, postage prepaid, to the following persons on this 19th day of June 2012:

John M. Dosker, Esq.
Stand Energy Corporation
1077 Celestial Street, Suite #110
Cincinnati, OH 45202-1629

Dennis Howard, II, Esq.
Lawrence W. Cook, Esq.
Assistant Attorneys General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204



Counsel for Delta Natural Gas
Company, Inc.