

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE PIPE)	
REPLACEMENT PROGRAM RIDER OF)	CASE NO.
DELTA NATURAL GAS COMPANY, INC.)	2013-00101

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
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 10 copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 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 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 should 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. Refer to Delta's application, Schedule I. Explain the basis for the estimate of (\$51,150) Actual Collections March 2013 and April 2013 on line 16.

2. Refer to Schedule I, Line 8 of the application, labeled "Tax expansion factor, w PSC (per Case No. 2010-00116)."

a. Explain how the tax expansion is calculated and provide an example calculation.

b. Delta's Pipe Replacement Program ("PRP") Rider tariff, Calculation of Pipe Replacement Rider Revenue Requirement, under subsection c., provides for the weighted average cost of capital to be grossed up for federal and state taxes as well as the Public Service Commission ("PSC") Assessment. Confirm that Delta is grossing up revenues for purposes of providing a revenue requirement for the PSC Assessment. If not, provide an explanation.

3. Refer to pages 2 and 3 of Schedule II in the application. In 2010 and 2011, Delta had additions to gathering lines in the amount of \$37,514 and \$5,783, respectively. These lines are designated as "Field Lines" recorded in Acct. 332 in Delta's Annual Report filed with the Commission. Explain why Delta has included

gathering lines in its PRP recovery. The explanation should include the specific function of these lines in the provision of utility service by Delta as a Local Distribution Company.

4. Refer to Schedule III of the application under the section entitled "Increased Property Tax Expense."

a. Explain why Delta is using gross cost instead of net cost for calculating the amount of property taxes.


b. Provide a three-year history which shows the ratio of assessed value for property tax purposes to net book value of the operating assets of Delta.

5. Refer to the operating expense reductions in Maintenance of Transmission and Distribution Mains listed on Schedule III of the application.

a. Explain why those expenses increased to \$79,664 in 2012 from \$62,961 in the preceding year.

b. Explain why Delta is proposing to decrease its current year revenue requirement for operating expenses reductions in Maintenance of Transmission and Distribution Mains incurred in the prior year.

6. Identify generally the locations of the major main replacements that occurred in 2012 and describe how those specific projects were selected and prioritized.


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

DATED APR 12 2013

cc: Parties of Record

Matthew Wesolosky
Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391