

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
DEC 18 2013
PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF DELTA NATURAL GAS
COMPANY, INC. FOR AN ORDER DECLARING)
THAT IT IS AUTHORIZED TO CONSTRUCT, OWN)
AND OPERATE A COMPRESSED NATURAL GAS)
STATION IN BEREA, KENTUCKY

CASE NO: 2013-00365

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Requests for Information to Delta Natural Gas Company [hereinafter referred to as "Delta" or "the company"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Delta with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, 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.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts

thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other

forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

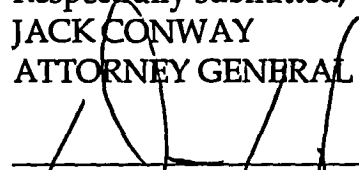
(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) The Attorney General reserves the right to pose additional preliminary data requests on or before the due date specified in the Commission's procedural schedule.

Respectfully submitted,
JACK CONWAY
ATTORNEY GENERAL



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Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Robert M. Watt, III
STOLL KEENON OGDEN, PLLC
300 West Vine Street, Suite 2100
Lexington, KY 40507-1801

this 13th day of December, 2013.



Assistant Attorney General

Attorney General's Initial Request for Information to Delta Natural Gas
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1. Please provide a copy of any and all analyses, reports, studies or other documentation that analyze or review the economic feasibility (as in profitability) of Delta to own, manage, and/or operate a natural gas ("CNG" or "natural gas") fueling station for the public's use.
2. Please provide a copy of any and all analyses, reports, studies or other documentation that analyze or review the marketability for Delta to operate and attract customers to the CNG facilities as proposed in the application.
3. Please state whether Delta has contacted any of its current ratepayers - whether by flyers, bill inserts, meetings (such as Chambers' of Commerce, Kiwanis Club, etc.), or otherwise - to determine if those ratepayers would be receptive to the construction of CNG facilities.
4. Please provide a detailed explanation with accompanying materials documenting Delta's in-house technical experience in owning and operating a CNG fueling station for private use.
5. Please provide a detailed explanation with accompanying materials documenting Delta's in-house technical experience in owning and operating a CNG fueling station for the public's use.
6. Please provide a detailed explanation with accompanying materials documenting Delta's in-house managerial experience in owning and operating a CNG fueling station for private use.
7. Please provide a detailed explanation with accompanying materials documenting Delta's in-house managerial experience in owning and operating a CNG fueling station for the public's use.
8. Please provide a detailed explanation with accompanying materials documenting Delta's in-house financial experience in owning and operating a CNG fueling station for private use.
9. Please provide a detailed explanation with accompanying materials documenting Delta's in-house financial experience in owning and operating a CNG fueling station for the public's use.

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10. Please provide the number of Delta's customers who have transportation vehicles that operate on CNG as:
 - a. an exclusive fuel basis, and
 - b. a dual fueled basis (hereinafter "dual fuel" or "bi-fuel" shall both be considered the same).

11. Please provide the number of people in Delta's customer base who have transportation vehicles that operate on CNG as:
 - a. either an exclusive fuel, and
 - b. a dual fueled basis.

12. Please describe the need as defined under KRS 278.020 and current PSC precedent which exists for Delta to obtain this certificate for public convenience and necessity.

13. Please state the average miles that a transportation vehicle, which operates exclusively on natural gas, will operate on a full tank before it requires refueling.

14. Please provide the name, owner, operator and location of the closest natural gas filling station in driving distance in miles to Delta's proposed natural gas filling station that is open to the public for refueling.

15. Please provide the name, owner, operator and location of all CNG fueling stations within the following driving miles in proximity to Delta's proposed CNG fueling stations that are open to the public for refueling:
 - a. 50 miles,
 - b. 100 miles,
 - c. 150 miles,
 - d. 200 miles,
 - e. 250 miles, and
 - f. 300 miles.

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16. Please provide the name, owner, operator and location of all CNG fueling stations within the following driving miles in proximity to Delta's proposed CNG fueling stations that are open to the private for refueling:
 - a. 50 miles,
 - b. 100 miles,
 - c. 150 miles,
 - d. 200 miles,
 - e. 250 miles, and
 - f. 300 miles.

17. Reference the answer to the prior question. Identify the private enterprises or customers that are eligible for refueling at those CNG stations.

18. Please state the following for any and all transportation vehicles that run exclusively on natural gas and are commercially available for sale to the general public:
 - a. Make,
 - b. Model,
 - c. Year of manufacture,
 - d. Engine size,
 - e. Fuel tank size,
 - f. Difference in price of the vehicle versus the same vehicle with the above characteristics which operates only on:
 - i. Gasoline, or
 - ii. Diesel,

 - g. Difference in torque of the vehicle versus the same vehicle with the above characteristics listed as a. through e. but operates on:
 - i. Gasoline, or
 - ii. Diesel.

19. Please provide the number of natural gas filling stations in the Commonwealth of Kentucky that are open to the general public.

20. Please provide the specific locations for each and every natural gas filling station in the Commonwealth of Kentucky that are open to the general public.

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21. Please provide the number of certified mechanics in the Commonwealth of Kentucky who are qualified to repair a vehicle that:
 - a. Operates exclusively on natural gas, and
 - b. Operates as a dual fueled vehicle.

22. Please provide the location of each and every certified mechanic in the Commonwealth of Kentucky identified in the prior question.

23. Please provide a listing of each and every local, state or federal agency, department, cabinet or other governmental authority which will have some level of oversight of the fueling stations proposed by Delta.

24. For each governmental entity identified in the above question, please provide the following:
 - a. Every law, rule, regulation, code, ordinance, or other legal authority that the governmental entity can exercise against or over Delta.
 - b. Every permit, license, application or otherwise that Delta must obtain to own and operate a natural gas fueling station for the public's use.
 - c. Any penalties, charges, liens, or other costs to which Delta may be exposed to, with regard to any failure to comply with, or violation of, any of the authorities listed in subpart a. of this application.

25. Please describe the types of safety issues that relate to a CNG fueling station facility that are unlike those which pertain to a traditional gasoline or diesel fueling station.

26. Please describe any and all differences involved in fueling a vehicle with CNG versus diesel or gasoline, including the following:
 - a. Fueling time,
 - b. Safety issues, whether at the pump or at the facilities,
 - c. Additional measures, whether utilization of the fueling pump or otherwise, necessary for the public customer,
 - d. Any and all other issues.

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27. Please distinguish a liquefied petroleum gas (LPG) fueling station from a CNG fueling station by addressing the following:
 - a. Any and all applicable law,
 - b. Chemical properties of LPG versus CNG (including molecular composition, BTU content, gaseous versus liquefied state, volatilization point, complications or ease in fueling, user safety, etc.)
 - c. Safety issues,
 - d. Facilities (as in setback requirements for the equipment, including, but not limited to compressors, holding tanks, public fueling pumps, etc.),
 - e. Vehicular access to the public,
 - f. Other issues.

28. Please describe any safety issues related to running a natural gas pipeline to a CNG fueling station versus running a natural gas pipeline to any other facility or structure in Delta's current distribution system.

29. Does Delta contemplate installing a liquefied natural gas fueling station for the public use in the future?

30. Has the Applicant contacted the Commonwealth's State Fire Marshal's Office regarding the proposed CNG facility?

31. Describe in detail the plans for the construction of the fueling station. Provide the following:
 - a. A complete architectural rendering,
 - b. A complete set of architectural blueprints, depicting all fixtures, appurtenances, supporting building(s), supporting equipment (including compressors, safety equipment, etc.) utility connections, etc.

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32. In addition to the prior question, answer the following:
- a. Will it be a standalone structure?
 - b. Will it be built and attached a traditional diesel and gasoline fueling station?
 - i. If so, will it be isolated, as in fenced off? If yes, explain in detail.
 - ii. Describe in detail any and all changes and/or modifications that the CNG facilities will be required of a traditional fueling station.
 - iii. If the CNG facilities will not be built on traditional diesel and gasoline fueling station, why not?
 - c. How will it be operated and maintained?
 - d. If and when CNG sales are offered to the public, please explain in detail how those services will be extended for delivery and payment (i.e. staffing, payment options, number of pumps, etc.).
33. Please reference the testimony in general of John B. Brown, CFO, Treasurer and Secretary of Delta. Identify any and all certifications that he has in operating and running a CNG fueling station.
34. Please reference the testimony of John B. Brown at page 2, Has Delta ever requested from the Commission approval for a tariff for CNG vehicles?
35. Please reference the testimony of John B. Brown at page 2, lines 21-22. Admit or deny that the cost for a dual fueled vehicle (whether diesel or gasoline) is more expensive than a diesel or gasoline vehicle, based on the same year, make, model and engine size.
36. Please reference the testimony of John B. Brown at page 2, lines 21-22. Please explain in detail the witnesses' assertion that its customers can "take advantage of compressed natural gas as a more cost effective transportation fuel."
- a. Does this assertion infer that the CNG vehicle owner will experience lower costs in operating the vehicle?
 - b. If so, explain in complete detail the following:
 - i. Estimated cost for fuel over the expectant life of the vehicle,
 - ii. Cost for operations, maintenance and repair over the expectant life of the vehicle,
 - iii. Costs for insurance,
 - iv. Any other costs not listed above.

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37. Reference the prior question. Provide any analyses, reports, studies, etc. that definitively demonstrates that natural gas is more cost effective as a transport fuel. Information should include, at a minimum, the purchase price/cost for a CNG vehicle versus a non-CNG traditional vehicle, a comparison for the next ten (10) years (or for as many years as available) of the projected cost for natural gas versus diesel and gasoline, and the estimated year for breakeven point for the cost for the purchase of the vehicle for the customer given the price for the fuels in the ten (10) period.

38. Please provide the projected cost for natural gas, gasoline (RBOB), and diesel for as many years as available from the EIA, Delta's own forecasts, and any other forecasts relied upon by Delta in this application.

39. Please reference the testimony of John B. Brown at pages 2 and 3. Provide any and all information Delta reviewed, analyzed, or studied regarding the "two cities in Kentucky [that] have taken the lead in opening stations in the state" regarding CNG facilities for fueling vehicles *for the public use*. (See also page 6 at lines 12 - 15 regarding the "Carrollton CNG station," The City of Somerset Fuel Center and Public CNG refueling at Waste Management of Kentucky in Louisville.")
 - a. List the following for "the two other cities":
 - i. The names of the cities,
 - ii. The number of the CNG facilities each facility operates,
 - iii. The location of the facilities,
 - iv. The types of customers (as in general public, private enterprises (with names for each and every one)),
 - v. The numbers, on a daily, weekly, monthly and yearly basis that fuel at each location,
 - vi. The volume of CNG that is dispensed at each and every location on a daily, weekly, monthly and yearly basis,
 - vii. The provider of CNG to each location,
 - viii. The number and types of safety incidents for each location,
 - ix. The number and types of any violation of law, such as failure(s) to issue permits, failure(s) to obtain permits, etc. for each location,
 - x. List any financial penalties, fines or costs assessed for each location, associated with any violation in questions vii. and viii. asked above,

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- xi. The total net profit achieved to date for each city for each location as well as collectively for each city, and
 - xii. Whether each city obtained a grant or other financial incentive from the Commonwealth or the Federal government.
40. Reference the prior question. If the aforementioned facilities are not for the public's use, provide all of the same the information as it relates to private use.
41. Describe any and all differences that Delta would experience if it is granted the application versus those of "the two cities." The answer should list any legal requirements, financial requirements, etc.
42. Please reference the testimony of John B. Brown at page 3. The date of the article, attached as Exhibit I, is 11 December 2012. Provide any updates to the information if it exists.
43. Please reference the testimony of John B. Brown at page 3. Admit that the authorization for a public utility in Utah to provide CNG facilities was done pursuant to the authority by specific legislative action passed in 2009.
- a. Is Delta aware of the reason(s) for Utah passing the legislation in Utah?
44. Please reference the testimony of John B. Brown at page 4, lines 25 -27. At what year does Delta forecast, project or otherwise believe that the CNG stations "will bring in more revenues than expenses incurred?"
45. Please reference the testimony of John B. Brown at page 5, lines 5 - 6. Provide all analyses, reports or studies upon which Delta relied with its statement that the "exhaust emissions from natural gas vehicles are much lower than of gasoline and diesel vehicles."
46. Please reference the testimony of John B. Brown at page 5, line 7. Provide all analyses, reports or studies upon which Delta relied with its statement that "natural gas vehicles are as safe as or safer than traditional gasoline or diesel vehicles."

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47. Please reference the testimony of John B. Brown at page 5, lines 8 - 9. Provide all analyses, reports or studies upon which Delta relied with its statement that "natural gas vehicles require less frequent maintenance than conventional cars and trucks because natural gas burns cleaner than gasoline."
48. Please reference the testimony of John B. Brown at page 5, line 10. Provide any analyses, reports or studies upon which Delta relied with its statement that "natural vehicles have longer engine life."
49. Please reference the testimony of John B. Brown at page 5, lines 11 -12. Provide any analyses, reports or studies upon which Delta relied with its statement that natural gas gives superior engine performance over that of gasoline engines.
50. Please reference the testimony of John B. Brown at page 6, lines 18 - 19. Provide all supporting documentation that: "They [Carrollton and Somerset] have determined that offering CNG stations to their citizens is in the public interest."
51. Please reference the testimony of John B. Brown at page 7, lines 4 -5, regarding the following statement: "As discussed above, there are several reasons why Kentuckians should invest in building its CNG infrastructure, as has been done in other states."
 - a. Provide a list of the other states.
 - b. For each state in response to a., identify the following:
 - i. The specific legal authority (as in law, regulation or otherwise) in which the state proceeded,
 - ii. The state agency that has instituted and/or implemented the CNG infrastructure investment (whether public utility commission, department of transportation, or otherwise),
 - iii. The funding mechanism which provides for the investment (whether charge on utility bill (directly by line-item or inclusion in base rates), tax on transportation fuel, tax on CNG vehicles or otherwise),
 - iv. The annual funding obtained or otherwise received,
 - v. The number of the CNG facilities each state operates,
 - vi. The location of the facilities, and
 - vii. The type of customers provided access to the CNG facilities.

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52. Please reference the testimony of John B. Brown at page 7, lines 12 -13. Has Delta retained any consultant to conduct its own, independent study similar to that which it references in the testimony?

53. Please reference the testimony of John Brown at page 8, line 3 - 19.

a. Provide a detailed explanation of what is meant by the statement: "The LDC's customers benefit from the upside performance of the CNG Station and bear the risk of the downside performance."

- i. Include in the explanation the timeframe when the customers will benefit from the upside of the performance.
- ii. What risk do the shareholders bear directly in any downside performance?
- iii. Why shouldn't the shareholders fund the request in this application and thus "benefit from the upside performance of the CNG Station and bear the risk of the downside performance?"
- iv. Confirm the following: The inclusion of the CNG investment in rate base could lead to a lower ROE for Delta's shareholders if the revenues do not offset costs in Delta's regulated business.
- v. Confirm the following: The inclusion of the CNG investment in Delta's unregulated business could lead to a much lower ROE for Delta's shareholders if the revenues do not offset costs in Delta's independent unregulated CNG business because Delta's captive ratepayers would not be funding the project.
- vi. Reference the statement that "currently there is no market for CNG, as a motor vehicle fuel in Delta's service territory..." If such is the case, how can Delta expect any revenues to materialize for customers from the CNG facilities?

54. Please reference the testimony of John B. Brown at page 7 and 8 wherein Delta was asked whether it had "conducted a detailed market analysis relating to its proposed CNG station" and the Company responds with the answer:

"No. There are no other utilities offering CNG for sale as motor vehicle fuel in Delta's service territory and, thus, no fleets using CNGs. There are no competitors with Delta's proposed CNG station or other sellers of CNG as a motor fuel to the public in Kentucky other waste Management and the two cities identified above in my testimony. The primary use of the

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CNG to be dispensed at the proposed Station in the near term will be for Delta's service vehicles. We felt, therefore, that a detailed market analysis would not produce meaningful information for Delta's decision making."

- a. How many CNG vehicles does Delta have in its rate base for its regulated operations?
 - i. How many are strictly single source CNG fuel vehicles?
 - ii. How many are dual fueled vehicles?
 - b. Based on the number of CNG vehicles (accounting for both single source and dual fueled), how much in costs for each of the next five (5) years does Delta project to save in fuel?
 - c. Following up with question b., how does Delta project to offset any revenues that it would otherwise seek in a rate case?
 - d. In Delta's opinion, does it believe that a private enterprise engaged in CNG fueling stations would construct, own, and operate - at its own costs - a CNG fueling station without performing a market benefit analysis? If yes, please explain the answer.
55. Mr. Brown has attached Exhibit II to his testimony which is an article entitled "The Case for NGVs" authored by Paul Stenquist.
- a. What are the credentials of Mr. Stenquist?
 - b. See page 33 of the article where the author states that: "Many experts believe that advanced, affordable home-fueling stations equipment is the key to growth."
 - i. At what gas pressure does the residential customer receive service?
 - ii. At what pressure are CNG vehicles generally fueled at CNG stations?
 - iii. And that takes about five minutes, correct?
 - iv. In order for a residential customer to fill his/her CNG vehicle at a residence, how long would it take under an average residential customer's home's service system?
 - v. Confirm that the Residential customer would need to install additional equipment at the residence to refuel a CNG vehicle within a timeframe that the customer expects when fueling a gasoline or diesel engine.
 - vi. What additional equipment would need to be installed?
 - vii. What would be the cost of the equipment?

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56. Please reference the testimony of John B. Brown at page 9. Explain in detail the total costs which Delta anticipates it will require to construct, own and operate the facilities, including, but not limited to such costs as:
- a. initial construction of the facilities(s),
 - b. initial placement of any gas line to facilities,
 - c. initial costs for any appurtenances and buildings,
 - d. other initial costs to begin operation and opening for business for public usage (such as but not limited to master(s), gas dryer, gas compressors, storage vessels, dispensers, and card readers),
 - e. permitting and licensing,
 - f. annual O&M of the facilities,
 - g. annual purchase gas costs,
 - h. annual tariff transportation rate(s),
 - i. annual costs personnel to operate the facilities (including salaries or wages, insurance, etc.), and
 - j. other annual costs.

57. Please reference the testimony of John B. Brown at page 9, lines 19 - 21. Specifically identify the amount or the calculation for determining how Delta "would record the gas cost" for the purchase of the gas at the CNG station.

58. Please reference the testimony of John B. Brown at page 10, at lines 12 -15. Refer to the following statement:

"Delta intends to set market based pricing so that the CNG Station will maximize revenue earned for the benefit of the regulated customers but at the same time be priced competitively with respect to gasoline prices. Unregulated pricing will give Delta the flexibility to do this. The profitability (loss) of the CNG Station will be the revenue earned at the pump less the cost paid for the gas sold, the tariff transportation rate and the other operating and maintenance expenses."

- a. Please explain what is meant by "market based rates."
- b. Given the absence of any a detailed market analysis relating to its proposed CNG station (based on Brown testimony pages 7 -8), at what rate does Delta propose to set its rates in order to earn a profit on the gas sold and the facility in general?

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59. Please reference the testimony of John B. Brown at page 10, at lines 22 -23. When asked how Delta will determine the sales price to the public at the CNG Station, the company responds with the following:

"The sales price will be unregulated and adjusted to be competitive with other CNG stations as well as gasoline stations."

- a. Explain what other CNG stations will be used to determine whether the Delta station will be competitive.
 - b. Explain what gasoline stations will be used to determine whether the Delta station will be competitive.
 - c. With regard to the answer to each a. and b. above, explain how the price for the fuel at the Delta station will be determined to be competitive.
60. Please reference the testimony of John B. Brown at page 11, at lines 1 -11. Explain how the proposal does not violate the affiliate transaction rules at KRS 278.2201.
- a. How is a gasoline gallon equivalent determined?
 - b. How was the "\$5 of other operating costs" determined?
 - c. Was the cost for state tax on gasoline considered in the conclusion? If yes, explain in detail along with the calculation.
 - d. Was the cost for federal tax on gasoline considered in the conclusion? If yes, explain in detail along with the calculation.
 - e. Is there a state tax on CNG for transportation fuels?
 - i. If yes, was it considered in the calculation?
 - ii. If yes, explain in detail along with the calculation.
 - f. Is there a federal tax on CNG as a transportation fuel?
 - i. If yes, was it considered in the calculation?
 - ii. If yes, explain in detail along with the calculation.
 - g. Explain the calculation as to how the Company arrived at both the \$74 profit and the \$80 profit.
61. Please reference the testimony of John B. Brown at page 12, lines 14 -17. Does Delta believe it is in the interests of judicial economy for the company to request approval for a tariff for a CNG facility when there are no other existing CNG facilities in Delta's current customer territory?
62. Admit that Delta is a publicly traded, for-profit company.

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63. Please reference the testimony of John B. Brown at page 12, lines 18 -23. If the impact on the customers' bills is immaterial and the "revenues are expected to offset or exceed the costs as the business grows," why is it not in the best interest of the Company's shareholders to construct, own and operate the CNG facility in Delta's unregulated operations?
64. Please reference the testimony of Jonathon W. Morphew, Manager of Engineering for Delta at page 4. Did the Company issue a request for proposal (RFP) for the construction and operation of the CNG facility? If yes, please any copy(ies).
65. Please reference the testimony of Mr. Morphew at page 5, lines 5 -6. Explain in detail what is meant by the "appropriate pressure and volume" noted in the testimony.
66. Please reference the testimony of Mr. Morphew at pages 5 - 6. Is the means by which the customer fuels the vehicle with CNG "user friendly?" If yes, explain in detail.
- a. Will there be signage available for the customers?
 - b. Will there be any personnel available to assist customers in the event the customer does not understand how to fuel the vehicle?
 - c. What is the average fueling time for a CNG vehicle?
67. Are there any safety hazards related to fueling a CNG vehicle that are greater than fueling a gasoline or diesel vehicle? If yes, please explain in detail.
68. Is the State Fire Marshal's Office in any way involved with the construction of the CNG facility? If yes, explain in detail.
69. Has the State Fire Marshal's Office been contacted regarding the construction of the CNG facility?
- a. If yes, please provide copies of all documents exchanged between the State Fire Marshal's Office and Delta.
70. Is the State Fire Marshal's Office in any way involved with the operation of the CNG facility, aside from the permit noted on page 6? If yes, explain in detail.

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71. Has the State Fire Marshal's Office been contacted regarding the operation of the CNG facility?
 - a. If yes, please provide all documents that Delta has supplied to, obtained from or otherwise exchanged with the State Fire Marshal's Office regarding the proposed CNG.

72. Please reference the testimony of Mr. Morpew at page 6.
 - a. Has the Department of Agriculture been contacted about the proposed CNG facility? If not, why not?
 - b. If so, please provide all documents that Delta has supplied to, obtained from or otherwise exchanged with the Department of Agriculture regarding the proposed CNG.

73. Please reference the testimony of Mr. Morpew at page 7, lines 14 -18, regarding Delta's discussions with potential customers, specifically the City of Berea, Berea College, and the Madison County Schools. Provide copies of all documents that have been exchanged between the stated entities and Delta that relate to these discussions.

74. Please reference the testimony of Mr. Morpew at pages 7 and 8. Regarding each of the vehicles the customer lists, provide the difference in price between the same, make and model of the vehicle that runs on CNG versus that of the single fuel gasoline or diesel vehicle.

75. Please reference the testimony of Mr. Morpew at page 8. Please explain in detail and itemize the "annual operating costs" of \$20,000 for the CNG facility.

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76. Please reference the testimony of Mr. Morphew at page 8 with regard to the statement that:

"Site work including, grading, drainage, installation of conduits, preliminary wiring and other general site construction can be performed prior to equipment delivery. Our goal is to energize the station within 180 days of authorization to commence work, depending on weather conditions."

a. Provide the following related to all items listed in the statement:

- i. construction plans,
- ii. permits,
- iii. licenses,
- iv. certifications, and
- v. other legally required approvals.

77. Please reference the testimony of Mr. Wesolosky, Vice-President-Controller, Delta, at pages 1 -2. Provide a copy of Delta's corporate structure, including all regulated and unregulated companies or enterprises.

78. What personal experience does Mr. Wesolosky possess with the financial operations of a CNG facility actual open for, and providing service to, the public?

79. Please reference the testimony of Mr. Wesolosky at page 3, lines 1 - 5. Provide all details, including related documents, pertaining to the meetings with "vendors of CNG equipment, as well as other utilities that operate CNG stations." Include at least, but not limited to the following:

- a. the names and addresses of the vendors,
- b. the expertise or specialty of each vendor,
- c. the equipment discussed,
- d. plans, designs, strategies, and finances discussed, and
- e. any and all costs considered, whether projected or actual.

80. Reference the testimony of Mr. Wesolosky at page 3, lines 1 - 5. If the "estimated cost [\$1.3 million] is based on vendor pricing to construct a CNG station which could fill up four vehicles simultaneously" does not materialize, then is the cost estimate still accurate?

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81. Reference the testimony of Mr. Wesolosky at page 3, lines 7 – 9 where the following statement appears:

"Similar to its other capital expenditures, Delta would finance the project through either internally generated cash, short-term borrowings under Delta's bank line of credit or a combination thereof."

- a. What dollar amount does Delta expect to use from its "internally generated cash flow?"
- b. What would Delta seek as the ROE on its "internally generated cash?"
- c. What does Delta anticipate the short-term borrowings amount to be, both in principle and cost rate?

82. Reference the testimony of Mr. Wesolosky at page 3, lines 10 -14. Provide a breakdown by way of an itemized spreadsheet of the estimated annual \$20,000 to operate the station.

83. Reference the testimony of Mr. Wesolosky at page 4, lines 11 – 19, regarding the statement that Delta will be replacing eleven fleet vehicles in the near-term with the potential for an additional twenty-two vehicles.

- a. Do the trucks which will be replaced operate on CNG?
- b. If no, name the fuel source; i. e., gasoline or diesel.
- c. If the answer to a. is no, what will be the difference in price between the new CNG vehicle versus the same vehicle which operates on gasoline or diesel?
- d. If there is a higher price for the CNG vehicle, has Delta accounted for this increase in costs in its calculation regarding the financial "break-even" point for the CNG facility? (See testimony Wesolosky testimony at page 5.)
- e. In response to d. above, show where in Mr. Wesolosky's exhibits the costs are included. State whether Delta can confirm whether any CNG vehicle equipped with a heavy duty engine has been in service for its expected operating life.

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84. Reference the testimony of Mr. Wesolosky at pages 3 and 4.
- a. Explain the basis for using a "thirty-three year book depreciable life for the station."
 - b. Provide for each of the past five years the CCF billed to Delta's retail and firm on-system transportation tariffs.
85. Reference the testimony of Mr. Wesolosky at page 5, line 2. What is the basis for the witness' assertion that the average fuel cost of \$3.29 per price of gallon for gasoline will continue over the term of the CNG station?
- a. Provide any and all resources upon which the witness relied.
86. Reference the testimony of Mr. Wesolosky at page 5, line 6. What is the basis for the witness' assertion that the average fuel cost of \$0.39 per CCF will continue over the term of the CNG station?
87. Reference the testimony of Mr. Wesolosky at page 5, line 7 where he claims that Delta's fuel cost for each CNG vehicle is expected to be \$722 per vehicle annually. In the fuel cost estimate for CNG does Delta include the following in its calculation:
- a. The state or federal road tax Delta would have to pay for CNG?
 - b. The cost of electricity required to compress each gasoline gallon equivalent (GGE) of CNG?
 - c. The cost of transportation and distribution to deliver the natural gas to the CNG station?
 - d. The additional maintenance cost the station will incur per GGE compressed at the station?
88. Reference the testimony of Mr. Wesolosky at page 5, lines 11 -19, regarding the break even sales calculation. Mr. Wesolosky he states that he believes, at a gas cost being at \$0.38 per CCF, the cost Delta will incur to refuel its vehicles will be \$0.30 cents per GGE and thus a \$2.00 gasoline price at the pump will yield \$1.70 per GGE payback towards Delta's revenue requirement for the station. When calculating the estimated 1.70 per GGE payback towards Delta's revenue requirement, does Delta include in its cost per GGE the following:
- a. The state or federal road tax Delta would have to pay for CNG?
 - b. The cost of electricity required to compress each gasoline gallon equivalent (GGE) of natural gas?

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- c. The cost of transportation and distribution to deliver the natural gas to the CNG station?
 - d. The additional maintenance cost the station will incur per GGE compressed at the station?
89. Reference the testimony of Mr. Wesolosky at page 6, lines 7 -13.
- a. How much in incentives has Delta requested from the Kentucky Economic Development Finance Authority?
 - b. When will Delta know whether it will be eligible for the incentives?
90. Provide for each of the past five years the following regarding the vehicles, broken down by total number, which Delta has purchase or leased broken down as follows:
- a. make,
 - b. model,
 - c. year,
 - d. engine size,
 - e. type of engine (gasoline, diesel, CNG, duel fuel),
 - f. miles per gallon achieved by the vehicle, and
 - g. whether purchased or leased.
91. Provide for each of the next five years the following regarding the vehicles, broken down by total number, which Delta anticipates purchasing or leasing broken down as follows:
- a. make,
 - b. model,
 - c. year,
 - d. engine size,
 - e. type of engine (gasoline, diesel, CNG, duel fuel),
 - f. miles per gallon achieved by the vehicle,
 - g. whether it will be purchased or leased,
 - h. the difference in price in the lease or purchase of a new diesel vehicle versus a CNG vehicle,
 - i. the difference in price in the lease or purchase of a new diesel vehicle versus a duel fueled CNG vehicle,
 - j. the difference in price in the lease or purchase of a new gasoline vehicle versus a CNG vehicle, and

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- k. the difference in price in the lease or purchase of a new gasoline vehicle versus a dual fueled CNG vehicle.
92. Please reference the application in general, or if not included therein, provide the following:
- a. Whether Delta maintains, repairs, or other otherwise works on the vehicles in its fleet.
 - b. If the answer to above question is yes, please provide details (such as engine repair, general maintenance, vehicle washing, etc.)
 - c. If the answer to a. above is yes, state whether Delta has personnel qualified to repair CNG vehicles.
 - i. State how many personnel are qualified to conduct such repairs.
 - ii. State the certifications, qualifications, etc. necessary to do so.
 - d. If the answer to question a. is no as it relates to engine repair, please explain why not?
 - i. State the name and address of the service personnel who are responsible for any repairs of the engine.
 - e. If the answer to question is no as it relates to engine maintenance, please explain why not.
 - i. State the name and address of the service personnel who are responsible for any maintenance of the engine.
93. If the company is allowed to recover all of its costs in rate base, confirm that Delta's captive ratepayers will have no choice but to pay the company's entire costs associated with constructing, operating and maintaining the CNG station.
94. Confirm that the request, if authorized, will place no risk on Delta's shareholders. If confirmation is not given, explain the answer by stating how the shareholders will bear no risk.
95. Confirm that if any private, for-profit company were to decide to construct, operate and maintain a CNG station, the company would have to do so with capital investment from a non-captive investment entity or person(s).
96. Confirm that if any private, for-profit company builds a CNG facility, then that private, for-profit company bears the risk of the profitability of the station.

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97. Confirm that Delta has been authorized pursuant to its last rate case to earn a return on equity of 10.7%.

98. Has Delta done a study on the effect of building a CNG station with ratepayer dollars will have on the willingness of private developers to invest money in CNG stations in the area surrounding where the CNG station will be constructed?
 - a. If yes, please provide the study.

99. Did Delta discuss with any CNG developers or others in the CNG industry about the impact of utility owned CNG would have on the CNG market before filing its application?
 - a. If yes, with which developers did Delta talk?

100. Reference the application and testimony in general. Other than making the sales price competitive, does Delta currently have a methodology by which it intends to calculate the CNG price that the public will pay?
 - b. If so please explain in detail on how Delta intends to calculate its price to the public.