

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 10 2014

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 BERE A, KENTUCKY)

CASE NO. 2013-00365

ATTORNEY GENERAL'S AMENDED SUPPLEMENTAL REQUESTS FOR
INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Amended Supplemental 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.

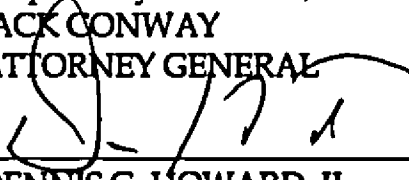
(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(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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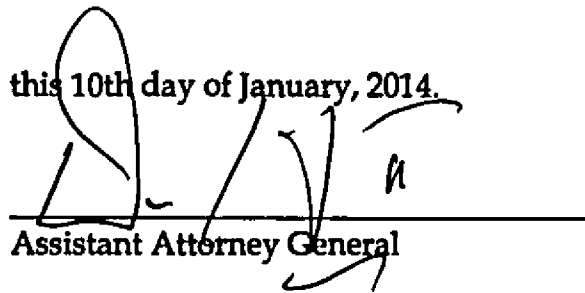
Certificate of Service and Filing

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:

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Matthew Malone
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this 10th day of January, 2014.



Assistant Attorney General

**Attorney General's Amended Supplemental Request for Information to Delta Natural
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1. Please reference the company's response to PSC 1-1a at the second sentence where Delta states: "Said another way, the Rate-based Model is better suited for companies building stations that would not otherwise be built because the initial demand for CNG would not support a rate of return that would attract investment." Is this statement an admission that the station would not be profitable based on the company's expectations?
2. Please reference PSC 1-1b which provides the following quote from Mr. Brown in the Commission's question: "The description of the Non-Rate based Model states, "Typically, LDC investments under this model are relatively modest."
 - a. Provide a list of the other LDCs, by name, that have pursued the Non-Rate based Model.
 - b. Provide for each LDC, listed in the question above, the investment made under this model in 1) actual dollars, 2) percentage of total capitalization (equity and debt) and 3) percentage of total capital spending.
3. Please reference the company's response to PSC 1-2. Provide copies of all materials pertaining to the contacts that Delta made to "other utilities that operate CNG stations in developing the \$1.3 Million cost estimate for its proposed CNG station."
4. Please reference the company's response to PSC 1-4 at the attached listing. Can the company explain why the cost differential between every listed gasoline/diesel versus CNG vehicle is \$9,350? If so, provide the answer.
5. Please reference the company's response to PSC 1-4 at the attached listing. Does Delta agree that the price differential in percentage varies from approximately 40% to approximately 23% depending on the vehicle listed?
6. Please reference the company's response to PSC 1-7 at the following quote: "Being no known present CNG fueling stations in the Berea area, Delta estimates there are no CNG-powered vehicles currently operating within the Berea service territory." Based on this statement, how can Delta expect to run a profitable CNG fueling station offered to the public?

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7. Please reference the company's response to PSC 1-8.
 - a. Identify the other "utility company operating a CNG station."
 - b. With regard to the other "utility company operating a CNG station," provide the following:
 - i. The location of the utility,
 - ii. The number of customers,
 - iii. The size, in square miles, of its service territory versus that of Delta's service territory,
 - iv. The model used by the utility in operating its station,
 - v. The monthly costs, if any, that the utility company passes along to its residential customers (per customer) to pay for the station, and
 - vi. The utility company's investment in the station in 1) actual dollars, 2) percentage of total capitalization (equity and debt) and 3) percentage of total capital spending.
 - c. Identify the vendor which installs CNG facilities.
 - i. Provide all materials which Delta either obtained from or sent to the vendor.

8. Please reference the company's response to PSC 1-9.
 - a. Is the list completely responsive to all safety concerns that Delta has?
 - b. Is NFPA 52 – Vehicle Gaseous Fuel Systems Code the only safety code, regulation, law, or legal authority that applies to safety concerns that Delta has considered in conjunction with operation of a CNG fueling station? If not, identify any all other codes, regulations, laws, or legal authority that Delta has considered.

9. Please reference the company's response to PSC 1-11 and provide a responsive answer.

10. Please reference the company's response to PSC 1-12. Will Delta purchase CNG vehicles if it this application is not approved?

11. Please reference the company's response to PSC 1-14.

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- a. Describe what is meant when Delta states that it has "monitored CNG development through its involvement with the American Gas Association."
 - b. Provide all documentation related to the prior question.
 - c. Describe the nature and outcome of the inquiries made of "Questar, Vectren, Piedmont, and Atlanta Gas Light about their CNG facilities and development of CNG."
 - d. Provide copies of all materials provided to or received from Questar, Vectren, Piedmont, and Atlanta Gas Light about their CNG facilities and development of CNG.
12. Please reference the company's response to PSC 1-15. Provide all known details about the station planned by a third party in Corbin, including whether it is an exclusive CNG facility versus a dual fueled facility (whether gasoline and/or diesel), the potential owner, location, number of pumps, etc.
13. Please reference the company's response to OAG 1-1. Provide copies of the spreadsheets in Excel format with all data and formulae intact.
14. Please reference the company's response to OAG 1-3. Has Delta contacted its customers, whether formally or informally, of the costs associated with the company's intentions of building the CNG station? If yes, explain in detail. If yes, provide all documentation related to the contact(s).
15. Please reference the company's response to OAG 1-5. The question asks whether Delta has any technical experience in owning and operating a CNG fueling station for the public's use. The company's answer refers to its answer to OAG 1-4 which relates to private use. Answer the question as presented; i. e., does Delta have any technical experience in owning and operating a CNG fueling station for the public's use? If yes, explain in detail.
16. Please reference the company's response to OAG 1-7. The question asks whether Delta has any managerial experience in owning and operating a CNG fueling station for the public's use. The company's answer refers to its answer to OAG 1-4 which relates to private use. Answer the question as presented; i. e., does Delta have any managerial experience in owning and operating a CNG fueling station for the public's use? If yes, explain in detail.

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17. Please reference the company's response to OAG 1-9. The question asks whether Delta has any financial experience in owning and operating a CNG fueling station for the public's use. The company's answer refers to its answer to OAG 1-4 which relates to private use. Answer the question as presented; i. e., does Delta have any managerial experience in owning and operating a CNG fueling station for the public's use? If yes, explain in detail.
18. Please reference the company's response to OAG 1-11. Provide the number of vehicles in Delta's service territory that run on CNG as either exclusively or as a dual fuel.
19. Please reference the company's response to OAG 1-13. Provide the source for the answer listed.
20. Please reference the company's response to PSC 1-4.
 - a. What is the maximum capacity of gasoline gallon equivalent (gge) for each vehicle listed?
 - b. What is the fuel economy of each vehicle listed?
21. Please reference the company's response to OAG 1-15. Are the stations listed in the exhibit open 24 hours per day/7 days a week/365 days per year?
22. Please reference the company's response to OAG 1-18 a.-c. Is the "(Honda Civic)" in the answer the same vehicle referenced in Brown Exhibit II, page 32? If not, provide the source for the answer along with the price for the CNG Honda Civic versus a gasoline Honda Civic.
23. Please reference the company's response to OAG 1-26c. Describe the difference that a customer would experience when filling a traditional gasoline/diesel vehicle versus a CNG vehicle, such as but not limited to:
 - a. The pump connection dispensing the fuel into the vehicle,
 - b. The manner in which the pump is turned on and off, and
 - c. Any other differences or steps that the customer would need to undertake to complete the fueling of the vehicle.

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24. Please reference the company's response to OAG 1-27. Provide the information regarding LNG. Specifically, please distinguish a liquefied natural gas (LNG) fueling station from a compressed natural gas (CNG) fueling station by addressing the following:
- a. Any and all applicable law,
 - b. Chemical properties of LNG 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, and
 - f. Other issues.
25. Please reference the company's response to OAG 1-32c. What certifications, licenses, permits, etc. will be required to be held by the Delta personnel who will operate and maintain the station?
26. If any certifications, licenses, permits, etc. are required, provide the name of same as well as the requirements necessary to obtain each one(s).
27. In addition to the company's response to OAG 1-32c., as well as OAG 2-25 above, provide the following regarding the individuals who will be responsible for operating or maintaining the station:
- a. Names,
 - b. Titles,
 - c. Certifications, licenses, permits, etc. for each person named in a. above.
28. Please reference the company's response to OAG 1-36a. Confirm that Exhibit III only reflects data through September 2012.

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29. Please reference the company's response to OAG 1-41. Does Delta know whether either city received a grant or any other financial incentive from either the Commonwealth or the federal government to construct, maintain or operate the stations? If yes, explain in detail.
 - a. Does Delta know the manner in which either city taxes its citizens for the CNG station?

30. Please reference the company's response to OAG 1-44 whereat the company references its response to PSC 1-10. Can the company affirmatively state that there is a time frame when the station will bring in more revenue than the level of expenses incurred and become profitable? If yes, please provide the year.

31. Please reference the company's response to OAG 1-45. The response refers to additional exhibits; however, it is difficult to ascertain both what the company intended to file as well as its completeness. Exhibit I has only page 1 of 2. Exhibit II has pages 1 through 3. Exhibit III has only page 1 of 6. Exhibit IV has only page 1 of 2. A miscellaneous page 1 of 1 is provided with no reference to an exhibit number. Exhibit V has pages 1 through 3. Please confirm that the company has produced all that was intended as well as its completeness.

32. Please reference the company's response to OAG 1-46. The response refers to additional exhibits; however, it is difficult to ascertain both what the company intended to file as well as its completeness. Exhibit I has only page 1 of 2. Exhibit II has pages 1 through 2. Exhibit III has pages 1 through 14 but is missing page 2. Exhibit IV has pages 1 and 2 of 2. Please confirm that the company has produced all that was intended as well as its completeness.

33. Please reference the company's response to OAG 1-60. Based on a natural gas price of \$4.30 at the Henry Hub and \$3.179 price for regular, unleaded gasoline in Frankfort, Kentucky as of January 8, 2014, perform the calculation on page 11 of Mr. Brown's Testimony. In the calculation, use all actual or best projected costs that will ultimately be included in the marketing for sale price for CNG, including but not limited to taxes. (If Delta believes the use of the aforementioned natural gas price is the incorrect one to employ, the company may provide a different one along with the justification for doing so.)

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- 34. Please reference the company's response to OAG 1-64. Did Delta issue a request for proposal for the construction of the CNG facility? If no, why not?**
- 35. Who would construct the facilities if the application is approved?**
- 36. Please reference the company's response to OAG 1-66. Will there be personnel on-site at the station to assist customers?**
- 37. Please reference the company's response to OAG 1-68. Would the State Fire Marshal's Office be involved in the construction of the station if it is approved? If yes, explain in detail.**
- 38. Please reference the company's response to OAG 1-70. Would the State Fire Marshal's Office be involved in the operation of the station if it is approved? If yes, explain in detail.**
- 39. Please reference the company's response to OAG 1-73 at the first attached email. Did Delta ever contact the City of Berea about the "cost of conversion for our vehicles and budget the conversion over a five year period?" If yes, please provide all details. If not, explain why not.**
- 40. Please reference the company's response to OAG 1-76. If Delta does not have construction plans, how can it project "to energize the station within 180 days of authorization to commence work, depending on weather conditions?"**
- 41. Please reference the company's response to OAG 1-77. Provide details of each of the named non-regulated subsidiaries of Delta, including the following:**
 - a. The type of business activity in which the company is engaged,**
 - b. The names of the officers, and**
 - c. The titles of the officers.**
- 42. Please reference the company's response to OAG 1-78. Please answer the question by providing Mr. Wesolosky's experience with the financial operations of a CNG facility actual open for, and providing service to, the public.**

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43. Please reference the company's response to OAG 1-83d. Provide an update to the answer to PSC 1-10 by incorporating the higher, incremental costs for the CNG vehicles.
 - a. Confirm that the total incremental costs for the replacement of the vehicles can be found at the company's response to PSC 1-4 by multiplying 11 times \$9,350, or \$102,850. If confirmation is denied, explain the total higher, incremental costs and the derivation thereof.
44. Please reference the company's response to OAG 1-87. Would the expected savings of \$722 noted in the testimony be different if the state and federal tax were included? If so, provide the new number.
45. Please reference the company's response to OAG 1-89. If not already performed, provide a calculation to show the offset of the \$250,000 tax credits in the Wesolosky exhibits.
46. Please provide copies of the exhibits accompanying Mr. Wesolosky's testimony in Excel format with all data and formulae intact.