



**STOLL  
KEENON  
OGDEN**  
PLLC

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

**RECEIVED**

**JAN 23 2014**

**PUBLIC SERVICE  
COMMISSION**

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

January 23, 2014

***HAND DELIVERED***

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

Re: Delta Natural Gas Company, Inc.  
Case No. 2013-00365

Dear Mr. Derouen:

We enclose herewith for filing an original and twelve copies of the responses of Delta Natural Gas Company, Inc. to the Commission Staff's Second Request for Information and the Attorney General's Second Request for Information in the above-captioned case. Thank you in advance for your assistance.

Sincerely,

Robert M. Watt, III

rmw:rmw

Enclosures

cc: Mr. John B. Brown (w/o encl.)  
Counsel of Record (w/encl.)



VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF CLARK )

The undersigned, **Glenn R. Jennings**, being duly sworn, deposes and says that he is Chairman of the Board, President and CEO of Delta Natural Gas Company, Inc. and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

*Glenn R. Jennings*  
\_\_\_\_\_  
Glenn R. Jennings

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 22<sup>nd</sup> day of January 2014.

*Emily P. Bennett* (Seal)  
\_\_\_\_\_  
Notary Public

My Commission Expires:

6/20/2016







**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL  
DATED JANUARY 10, 2014**

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?

**Response:**

**No. See the response to PSC-2 Item 6.**

**Sponsoring Witness:**

**John B. Brown**

**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL**  
**DATED JANUARY 10, 2014**

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.

**Response:**

- a. See page 29 of Appendix A of Exhibit III of Mr. Brown's direct testimony.
- b. Delta does not know the investment made under this model by each of the companies, but for the following has assumed a \$1.3 million investment, the amount Delta proposes to spend.

	<u>Capitalization</u>	<u>Capital Spending</u>
Washington Gas Company	\$ 1,886,931,000 0.07%	\$ 251,128,000 0.52%
Centerpoint Energy	\$12,863,000,000 0.01%	\$1,053,000,000 0.12%
Delta	\$ 125,005,415 1.04%	\$ 7,200,000 18.06%

**Sponsoring Witness:**

John B. Brown

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL  
DATED JANUARY 10, 2014**

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."

**Response:**

The contacts Delta made to the other utilities were site visits to understand their operations. The utilities did not provide materials to Delta.

**Sponsoring Witness:**

Jonathan W. Morpew



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL  
DATED JANUARY 10, 2014**

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.

**Response:**

Please refer to the response to PSC-2 Item 2.

**Sponsoring Witness:**

Matthew D. Wesolosky

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL  
DATED JANUARY 10, 2014**

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?

Response:

Yes.

Sponsoring Witness:

Matthew D. Wesolosky

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL  
DATED JANUARY 10, 2014**

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?

**Response:**

See the response to PSC-2 Item 6.

**Sponsoring Witness:**

John B. Brown

**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL**  
**DATED JANUARY 10, 2014**

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.

**Response:**

- a. Vectren Energy
- b.
  - i. Evansville, IN
  - ii. – vi. Delta does not have that information.
- c. CNG Source, Inc.
  - i. Delta has not provided any materials to the vendor. Delta received an estimate from CNG Source, Inc. See the response to AG-1 Item 79 (e).

**Sponsoring Witness:**

**Jonathan W. Morphew**

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL  
DATED JANUARY 10, 2014**

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.

Response:

- (a) Yes.
- (b) No. The State Fire Marshal will be consulted as well, during planning, design and construction of the project to identify all codes, regulations, laws, certifications, licenses, permits, etc. with which compliance is required.

Sponsoring Witness:

Jonathan W. Morpew

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL  
DATED JANUARY 10, 2014**

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

Response:

Delta will replace existing vehicles with new dual fuel vehicles. Delta does not plan to convert any existing vehicles at this time. The cost to convert an existing vehicle operating solely on gasoline or diesel is unknown.

Sponsoring Witness:

Jonathan W. Morpew

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL  
DATED JANUARY 10, 2014**

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

Response:

Delta would consider purchasing CNG vehicles if there were CNG stations operating in Delta's service territory.

Sponsoring Witness:

Jonathan W. Morphew

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL  
DATED JANUARY 10, 2014**

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

**Response:**

- a. Delta's Chairman, President and CEO is a member of the American Gas Association Board of Directors, having served on that board for many years. Thus he has been in meetings over many years where CNG has been discussed and has participated in meetings where AGA member companies have discussed their CNG efforts.

Also see Exhibits II and III of John Brown's testimony.

- b. Involvement with the AGA board led Delta to investigate/visit CNG facilities of the companies listed in Delta response to PSC-1 Item 14. This information has been provided in various responses in this proceeding, including PSC-1 Item 14 and PSC-2 Item 4. Also see the responses to AG-1 Items 14 and 15.
- c. The inquiries occurred over the telephone or during visits with the utilities. They seem to be satisfied with their CNG fueling operations. They continue to add CNG facilities in their companies, so Delta assumes they do so because they believe it to be a good thing for their customers.

Delta believes CNG to be a good thing to provide for its customers as well. This is based partially on the experiences of these companies.

- d. See attached.

**Sponsoring Witness:**

Glenn R. Jennings



2.04 NATURAL GAS VEHICLE RATE (NGV) *- Since 1989*

NGV VOLUMETRIC RATE

	Rate Per Dth Used Dth = decatherm = 10 therms = 1,000,000 Btu
Base DNG	\$5.01140
Energy Assistance	0.02448
Infrastructure Rate Adjustment	<u>0.16104</u>
Distribution Non-Gas Rate	\$5.19692
Base SNG	\$0.80155
SNG Amortization	<u>0.00000</u> <i>in-house costs</i>
Supplier Non-Gas Rate	\$0.80155
Base Gas Cost	\$4.08880
Commodity Amortization	<u>0.07335</u>
Commodity Rate	\$4.16215
<b>Total Rate</b>	<b>\$10.16062</b>

NGV CLASSIFICATION PROVISIONS

- (1) Service is used for refueling natural gas-powered vehicles with compressed natural gas at Company-owned refueling stations.
- (2) All sales are subject to the applicable federal excise tax and the state sales tax described in § 8.02.
- (3) The Energy Assistance rate is subject to a maximum of \$50.00 per month and other conditions as specified in § 8.03.

	Advice No.	Section Revision No.	Effective Date
Issued by R. W. Jibson, President	12-03	29	September 1, 2012

**2.03 FS RATE SCHEDULE**

*Firm Transp. rates*

**FS VOLUMETRIC RATES**

Rates Per Dth Used Each Month  
Dth = decatherm = 10 therms = 1,000,000 Btu

	Summer Rates: Apr. 1 - Oct. 31			Winter Rates: Nov. 1 - Mar. 31		
	First 200 Dth	Next 1,800 Dth	All Over 2,000 Dth	First 200 Dth	Next 1,800 Dth	All Over 2,000 Dth
Base DNG	\$0.65960	\$0.51587	\$0.44825	\$0.73761	\$0.59009	\$0.53109
Energy Assistance	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474
Infrastructure Rate Adjustment	<u>0.03989</u>	<u>0.03120</u>	<u>0.02711</u>	<u>0.04461</u>	<u>0.03569</u>	<u>0.03212</u>
Distribution Non-Gas Rate	\$0.71423	\$0.56181	\$0.49010	\$0.79696	\$0.64052	\$0.57795
Base SNG	\$0.52149	\$0.52149	\$0.52149	\$1.08183	\$1.08183	\$1.08183
SNG Amortization	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Supplier Non-Gas Rate	\$0.52149	\$0.52149	\$0.52149	\$1.08183	\$1.08183	\$1.08183
Base Gas Cost	\$4.08880	\$4.08880	\$4.08880	\$4.08880	\$4.08880	\$4.08880
191 Amortization	<u>0.07335</u>	<u>0.07335</u>	<u>0.07335</u>	<u>0.07335</u>	<u>0.07335</u>	<u>0.07335</u>
Commodity Rate	\$4.16215	\$4.16215	\$4.16215	\$4.16215	\$4.16215	\$4.16215
<b>Total Rate</b>	<b>\$5.39787</b>	<b>\$5.24545</b>	<b>\$5.17374</b>	<b>\$6.04094</b>	<b>\$5.88450</b>	<b>\$5.82193</b>

Minimum Monthly Distribution Non-Gas Charge: (Base)	Summer	\$115.00
	Winter	\$129.00

**FS FIXED CHARGES**

Monthly Basic Service Fee (BSF):	BSF Category 1	\$5.00
Does not apply as a credit toward the minimum monthly distribution non-gas charge.	BSF Category 2	\$21.00
For a definition of meter categories, see § 8.03.	BSF Category 3	\$55.00
	BSF Category 4	\$244.00

**FS CLASSIFICATION PROVISIONS**

- (1) Customer's load factor is 40% or greater where load factor is defined to be: Actual or estimated average daily usage is at least 40% of peak winter day. (Actual or Estimated Annual Use + 365 days) + Peak Winter Day ≥ 40%.
- (2) Usage does not exceed 2,500 Dth in any one day during the winter season.
- (3) Service is subject to a minimum monthly distribution non-gas charge and a monthly basic service fee.
- (4) Minimum annual usage of 2,100 Dth is required.
- (5) All sales are subject to the additional local charges and state sales tax stated in § 8.02.
- (6) The Energy Assistance rate is subject to a maximum of \$50.00 per month and other conditions as specified in § 8.03.

Issued by R. W. Jibson, President	Advice No.	Section Revision No.	Effective Date
	12-03	29	September 1, 2012

# CNG for vehicles

## FLEET FUELING OPTIONS

Running a fleet efficiently means doing it well for less. Fueling a fleet with natural gas offers efficiency and a whole lot more.

Whether your vehicles run the long-haul trips or return to base every day, you have options when it comes to fueling your fleet with natural gas. A cost-benefit analysis performed by Questar Fueling will help you determine which one can work best for your business.

### AFFORDABLE

Natural gas costs less – about half the cost of diesel and gasoline.

### ABUNDANT

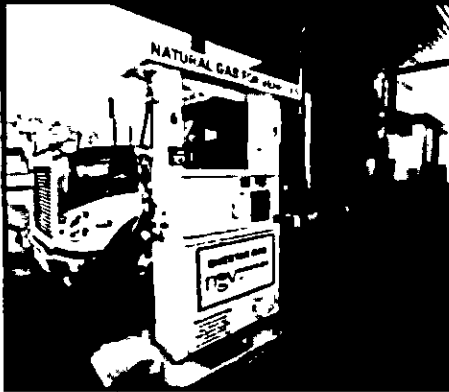
The U.S. has more natural gas than Saudi Arabia has oil. Currently, there's more than a 100-year supply.

### CLEAN BURNING

Natural gas contains less carbon than any other fossil fuel and it helps clear the air.

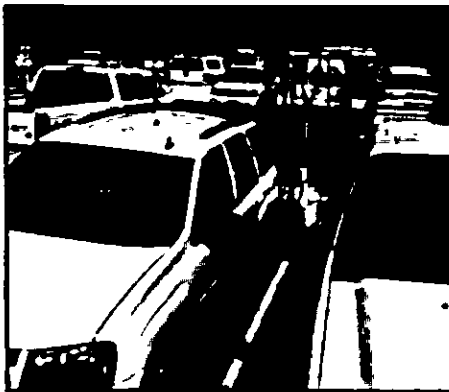
### AMERICAN

Put the brakes on foreign-oil imports – fuel with natural gas and accelerate the growth of American jobs.



### Fast-Fill Stations

Fast-fill stations allow fleets to fill vehicles with natural gas in just a few minutes because the gas is already compressed into high-pressure storage located on site. These stations are perfect for fleets that are constantly on the go. Fueling is simple and similar to the same process already used by fleets filling up with diesel.



### Time-Fill Stations

These stations are ideal for fleets that run all day and return to base. A time-fill station includes several fuel lines so all the vehicles can fuel at night. In the morning, each driver goes to work with a full tank of gas. Fueling a fleet has never been this convenient and cost effective.



Quick and easy overnight fueling



Low-cost natural gas



Customized CNG stations for natural gas-powered fleets

Nationally recognized for its NGV fueling experience, Questar is now offering consultation, design work, packaging and installation of NGV-fueling stations to keep your fleet on the road with low-cost, clean-burning natural gas.

**QUESTAR**  
Fueling Natural Gas for Vehicles

CONTACTS

[questarfueling@questar.com](mailto:questarfueling@questar.com)

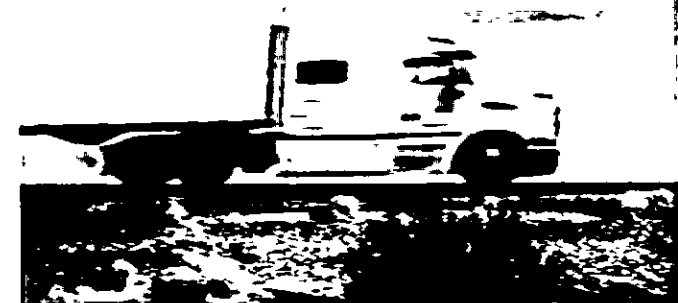
Judd Cook  
Director, Business Development  
Office: 801-324-2861  
Mobile: 801-201-1529

Carl Galbraith  
General Manager, Business Development  
Office: 801-324-5824  
Mobile: 801-971-2348

[www.questarfueling.com](http://www.questarfueling.com)

**QUESTAR**  
Fueling

Building America's  
NGV-fueling infrastructure  
– one fleet at a time



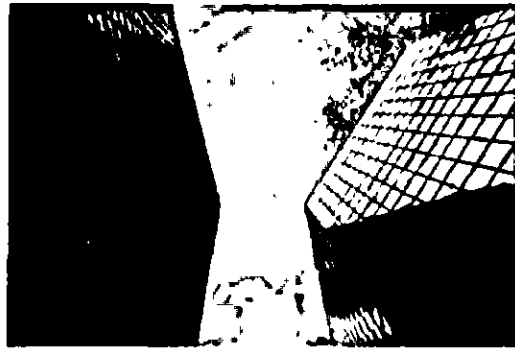
→ Ariel Capasso

→ ANGEL WIS...  
→ JW Power - Texas

10/29/2012

patrick  
them.

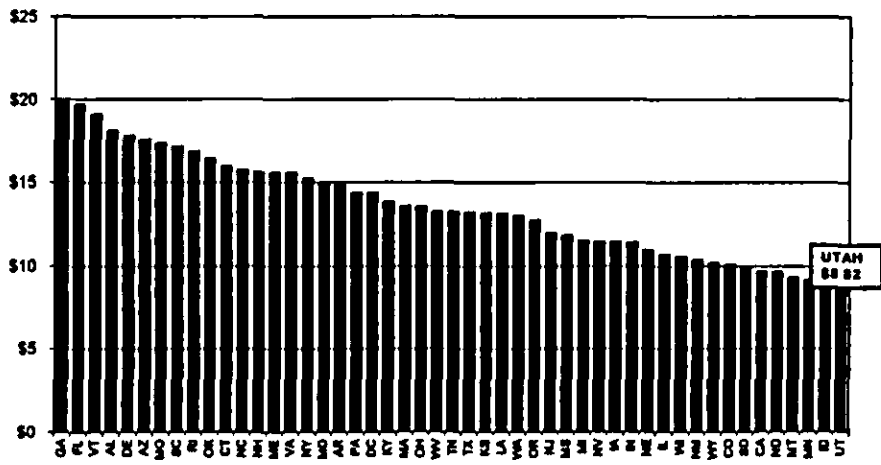
# Questar Gas



A Natural Gas-Focused Energy Company

powered by clean natural gas™

## Questar Gas's residential rates are the lowest in the continental U.S.



\$ per Mcf, TTM  
June 2012

Source: U.S. Energy Information Administration

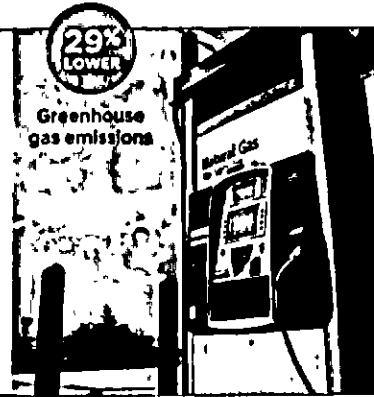
powered by clean natural gas™

## Natural gas: Clean, domestic, secure, affordable energy for transportation

•**Clean.** NGVs produce 60 to 90 percent lower emissions of criteria pollutants.

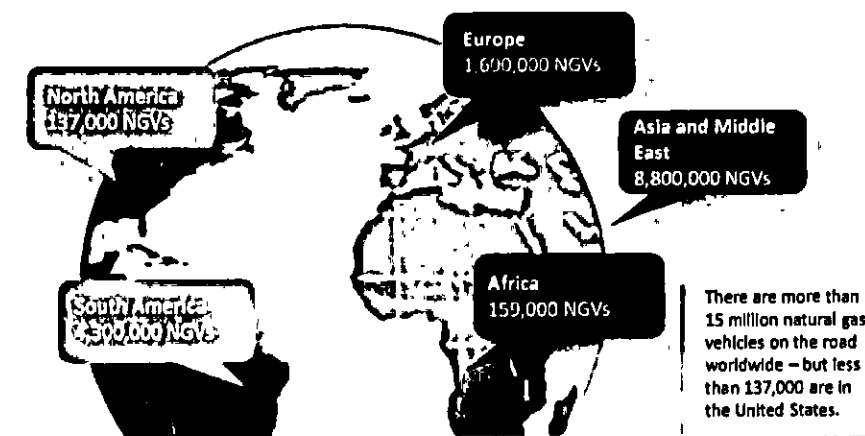
•**Affordable.** Natural gas prices are projected to remain low and stable compared to gasoline and diesel, benefiting consumers and budgets for cities and school districts.

•**Job Creating.** Supports local economies and can improve our national balance of trade.



powered by clean natural gas

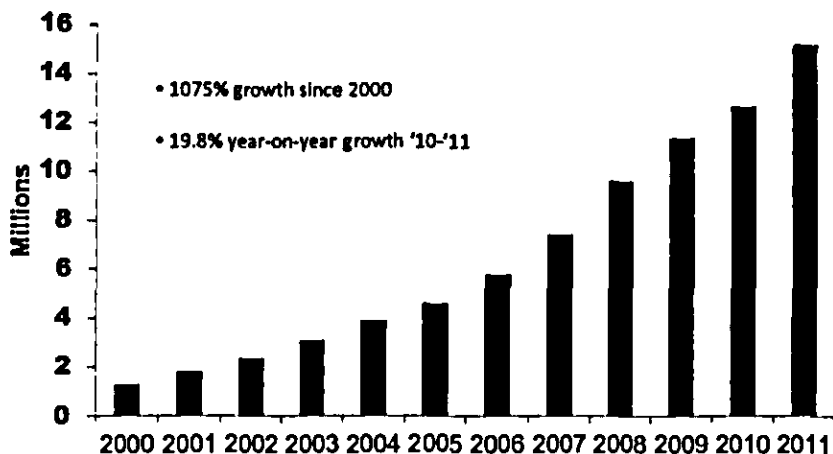
## 2012 Worldwide NGVs



There are more than 15 million natural gas vehicles on the road worldwide – but less than 137,000 are in the United States.

powered by clean natural gas

## Worldwide NGV growth



Source: IANGV

powered by clean natural gas

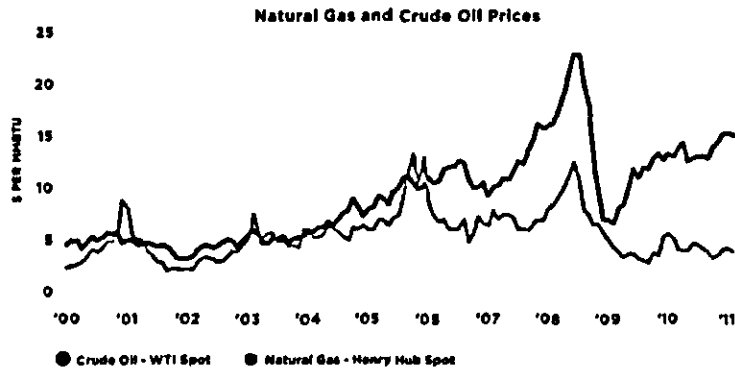
### Leading the Way: NGVs in Fleets Across America

- Waste Management announced on May 11th it will convert its entire fleet – over 18,000 trucks – from diesel to CNG.
- UPS, AT&T, Comcast, Sysco, and Ryder have made significant commitments to NGVs in their national fleets.
- One-fifth of city transit buses run on natural gas today, and market share of is growing
- More than 35 U.S. airports use NGVs in their fleets or encourage NGVs in private fleets operating on premises.



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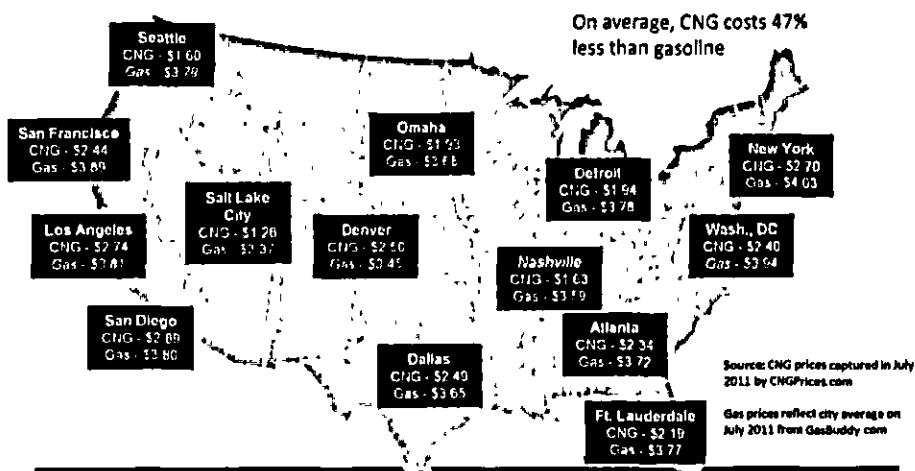
**The U.S. national average price of CNG is nearly 50 percent cheaper than gasoline or diesel fuel.**



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## Natural gas vs conventional gasoline



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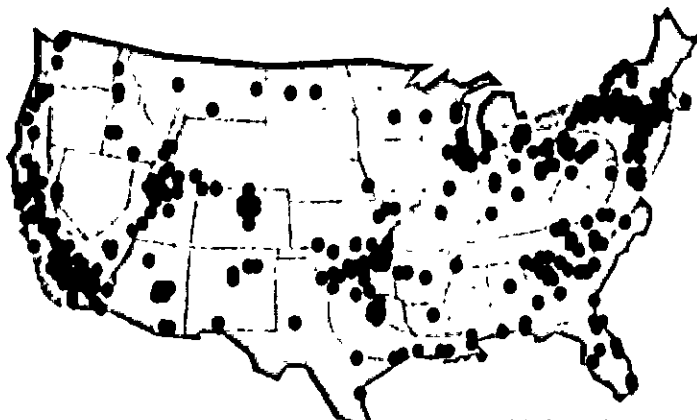
## NGV public infrastructure

### CNG Stations

- 364 public
- 523 private

### LNG stations

- 12 public
- 31 private



As of December, 2010: 887 CNG stations, 43 LNG stations

powered by clean **natural gas**

## Questar Gas's NGV History 1980-90

- 1981 – Installed 1<sup>st</sup> NGV station and converted 25 test vehicles
- 1988 – Began converting vehicles for other companies
- 1989 – Installed 2<sup>nd</sup> NGV station at Salt Lake North Ops Center; Converted 100 NGVs (21 of the original 25 were still operating)
- 1990 – Utah PSC issued its first CNG Tariff (\$5.144/dth or \$0.617/gge). The Utah PSC has been a key in the on going success of the program



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## Questar Gas's NGV History 1990 - 2000

- A Decade of Expansion

- 1990s – Ford, Chrysler and GM produced NGVs; Questar Gas built refueling infrastructure
- 1990 – Salt Lake City Airport Authority begins its NGV program
- 1991 – Coca Cola converted its forklifts to run on natural gas
- 1992 – Jordan School District – purchased four CNG buses
- 1994 – Newspaper Agency Corp (NAC) began converting 235 vehicles
- 1997 – Questar Gas operated 857 NGVs – (3<sup>rd</sup> largest alt-fuel fleet in the U S )
- 2000 – Utah State University purchases shuttle buses.

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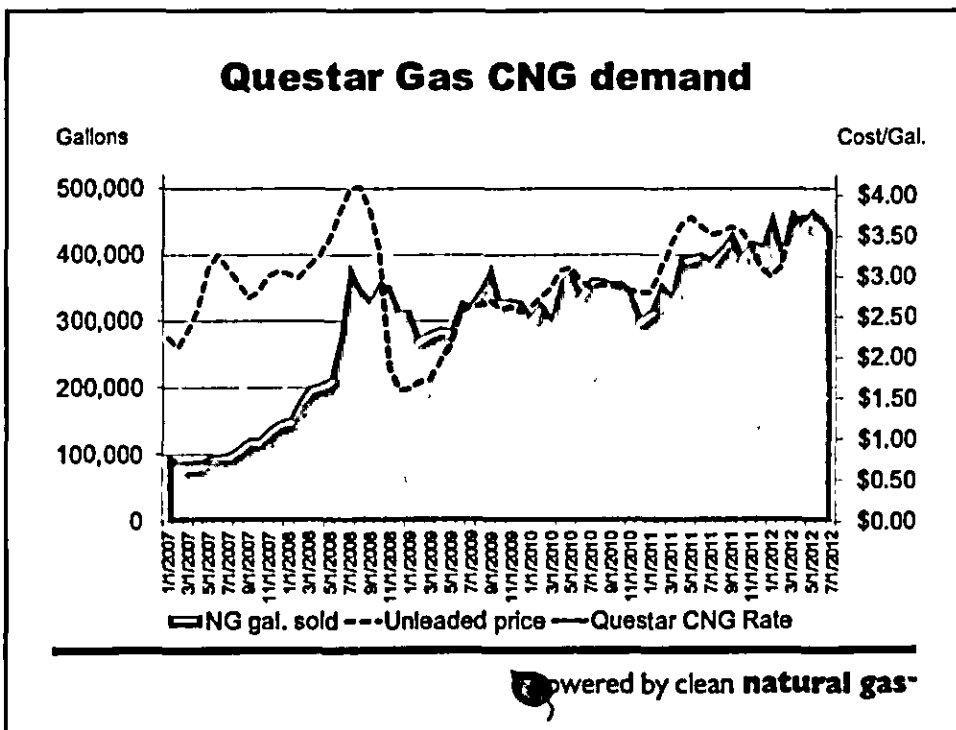
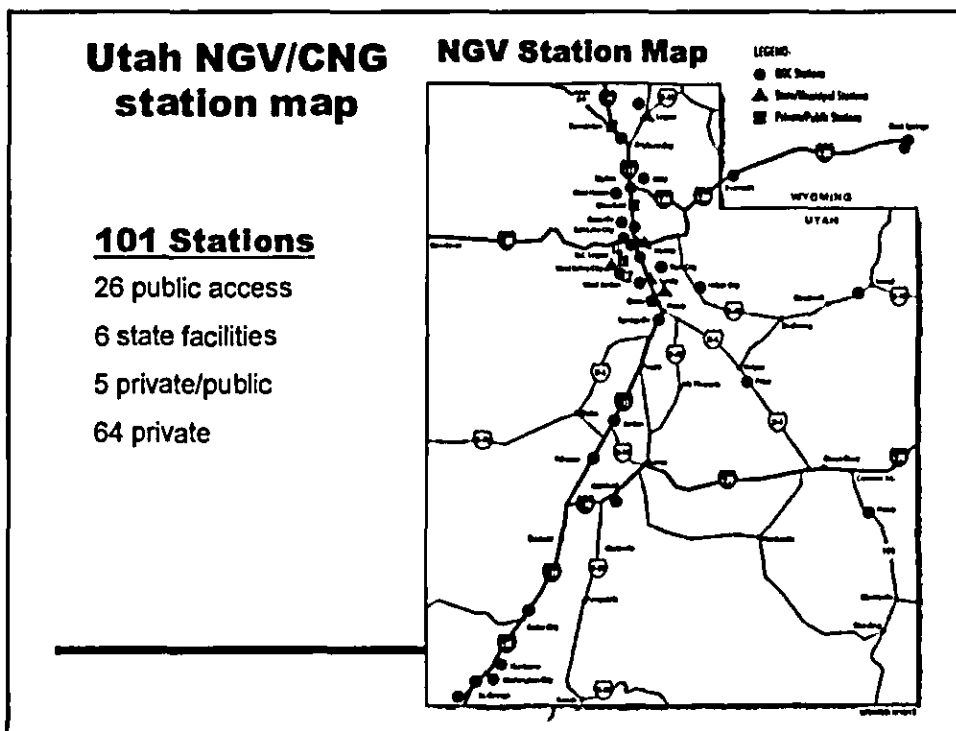
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## Questar Gas's NGV History 2000 - 2010

- May 2000 – NGVs allowed in HOV lanes
- 2005-06 – The "Big 3" stop producing NGVs (Honda remained)
- 2008 – Jordan School District now has 44 CNG school buses
- 2008 – Ogden City, ACE Disposal, Robinson Waste Disposal order Refuse Haulers – approximately 30 trucks
- 2009 – Received federal DOE grant for \$14.9 million with 22 partners
- 2010 – Five new stations open in these Utah cities: Hurricane, Vernal, Salt Lake, St. George and Scpio.

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 powered by clean **natural gas**





**Kaysville  
natural gas  
for vehicles**  
**Grand Opening**

I-15 - Exit 328  
80 North 600 West  
Kaysville, Utah  
Thursday, Sept. 20, 2012  
10 a.m.

RSVP by Sept. 17 to Irene Rizza:  
Irene.Rizza@utahcleancities.org or 801-535-7736

Join us for light refreshments, and  
view the various NGV vehicles on  
display.



Powered by clean natural gas<sup>15</sup>



**Ogden  
Weber State University  
Natural gas  
for vehicles**  
**Grand Opening**

Join us for light refreshments, and view the  
various NGV vehicles on display.

US 89 to Ogden (Harrison Blvd & East 4800 South)  
4748 Old Post Road  
Ogden, Utah  
Wednesday, Oct. 3, 2012 - 10 a.m.

RSVP by Sept. 28 to Irene Rizza:  
Irene.Rizza@utahcleancities.org or 801-535-7736



Powered by clean natural gas<sup>15</sup>

## A Sample of Utah Organizations driving NGVs

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Utah Transit Authority</li> <li>• Hale Center Theater</li> <li>• Waste Disposal</li> <li>• Salt Lake City Airport</li> <li>• Canyons School District</li> <li>• Utah State University</li> <li>• Hartmann Heating &amp; Air</li> <li>• Jordan School District</li> <li>• Ogden City</li> <li>• Rio Tinto/Kennecott</li> <li>• Salt Lake City Corporation</li> <li>• Staker-Parson Companies</li> <li>• Washington City</li> <li>• University of Utah</li> </ul> | <ul style="list-style-type: none"> <li>• Pepsi</li> <li>• Swire Coca Cola</li> <li>• Intermountain Health Care</li> <li>• Ace Disposal</li> <li>• Weber State University</li> <li>• Flower Patch</li> <li>• St. George Express</li> <li>• UPS</li> <li>• Utility Trailer</li> <li>• Lifetime Products</li> <li>• Anadarko</li> <li>• Newfield Oil</li> <li>• Diamond Airport Shuttle</li> <li>• State of Utah</li> </ul> |
|--|--|

 powered by clean **natural gas**

### State Governments Leading the Way:

- States are joining together to use NGVs in state fleets
  - Aggregate vehicle purchase numbers for vehicle manufacturers to issue a joint RFP
  - Commit to converting state fleets (county, municipal, and other government)

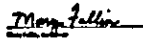
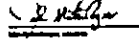


**Interstate Natural Gas Consortium**

The Interstate Natural Gas Consortium (INGC) is a non-profit organization that has been formed to promote the use of natural gas as a clean, safe, and cost-effective energy source. The INGC will work to develop and promote natural gas as a viable alternative to other energy sources. The INGC will also work to develop and promote natural gas as a viable alternative to other energy sources. The INGC will also work to develop and promote natural gas as a viable alternative to other energy sources.

In support of using a natural gas vehicle (NGV) fleet, the INGC will continue to work with state governments, and other organizations to promote the use of natural gas as a clean, safe, and cost-effective energy source. The INGC will also work to develop and promote natural gas as a viable alternative to other energy sources. The INGC will also work to develop and promote natural gas as a viable alternative to other energy sources.

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 powered by clean **natural gas**

Major vehicle manufacturers are *bringing NGVs to the North American market*

**Medium and Heavy Duty**



NAVISTAR.



**Light Duty**



HONDA



CHRYSLER



powered by clean **natural gas**

1

**NGV heavy duty is growing fast**



powered by clean **natural gas**

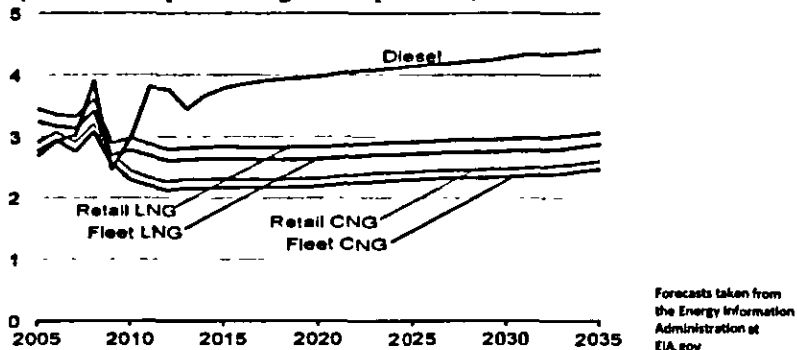
20

## Continuing Price Gap Between CNG/Diesel

•EIA Forecasts

- Natural Gas as a transportation fuel to grow from 0.01 TCF to 1.8 TCF by 2035
- NG as % of total energy used in HDV market from 0.2% to 32% by 2035

**Figure 36. Diesel and natural gas transportation fuel prices in the HDV Reference case, 2005-2035 (2010 dollars per diesel gallon equivalent)**



powered by clean **natural gas**

**“The economics and payback of natural gas are so strong that it dwarfs any other technology.”**

*- Eric Woods  
Vice President of Fleet and Logistics  
Waste Management*



**Recent OEM Announcements:**

*Bi-Fuel Pickup Trucks Hit the U.S. Market*

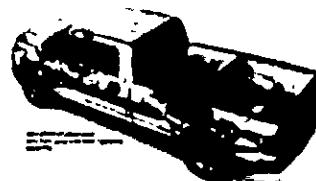


**Chevrolet Silverado and  
GMC Sierra 2500 (bi fuel)**

- 650 miles of combined natural gas and gasoline range
- GM previously ended NGV production in 2006 – but is now returning

**Chrysler Ram 2500 (bi-fuel)**

- America's only factory-built, CNG-gasoline bi-fuel pickup truck
- OEM built means more than \$6,000 in savings over comparable vehicle conversions



powered by clean **natural gas**<sup>23</sup>



### New Vehicle Standards Encourage Production of NGVs

- What is CAFE?
  - Light duty vehicle fuel economy and greenhouse gas emissions standards
  - *Corporate Average Fuel Economy: averaged over a manufacturer's sales nationwide on a yearly basis.*
  - CAFE strongly influences automakers' product planning.
  - Auto manufacturers know that tax incentives are subject to change, but CAFE standards have staying power.

---

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### New Vehicle Standards Encourage Production of NGVs

- Previously auto manufacturers received extra credits for electric and plug in hybrid vehicles.
- *The new rule extends these credits to NGVs for the first time.*
- *This is a major step toward a level playing field between the alternative fuel choices.*

---

 powered by clean **natural gas**

### New Vehicle Standards Encourage Production of NGVs

- The new CAFE standard is extremely aggressive, increasing to 54.5 mpg by 2025.
- Automakers will need to employ every measure available to them under the rule to meet the standard - including credits for NGVs, EVs, and PHEVs.

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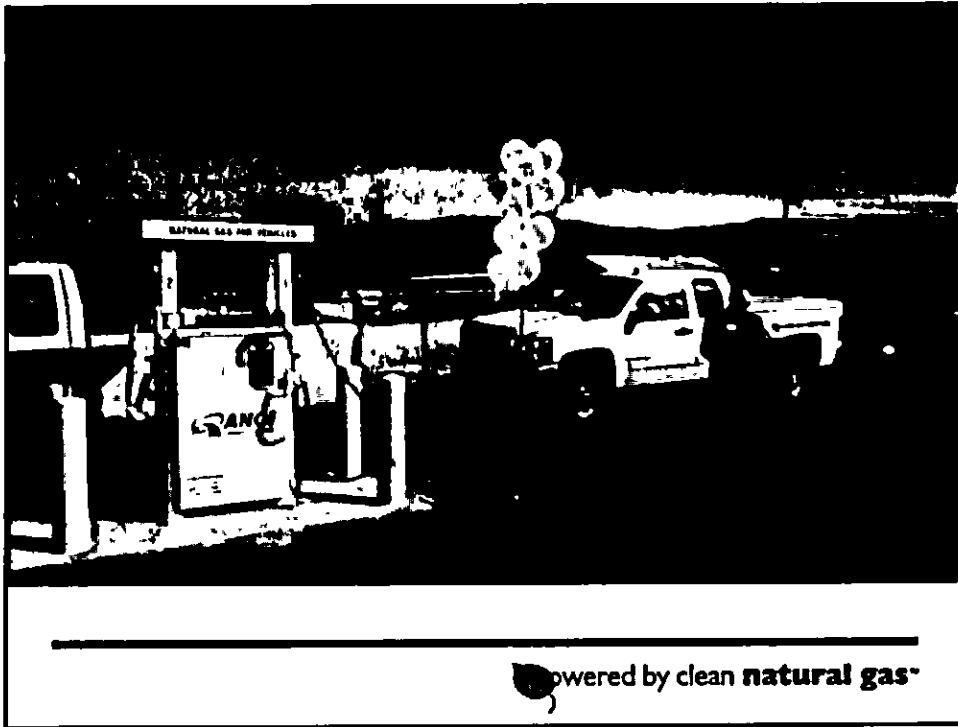


## QUESTIONS?

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powered by clean **natural gas**





**Sebree, Mark A.**

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**Attachments:**

Pat Tyring.vcf; Josh Raleigh.vcf; Mark Sebree.vcf; Shawn Kelly.vcf; Don Heisler.vcf; Deron Hawkins.vcf

<p><b>Pat Tyring</b> VECTREN UTILITY HOLDINGS, INC Supervisor, Facilities &amp; Fleet 0580 VUTL Fleet (812) 491-4631 Work 14631 Work (812) 305-2639 Mobile PTyring@Vectren.com 1 N Main Street Evansville, IN 47711</p>	<p><b>Josh Raleigh</b> VECTREN UTILITY HOLDINGS, INC Manager, Facilities &amp; Fleet 0580 VUTL Fleet (812) 491-4120 Work 14120 Work (812) 228-7290 Mobile jraleigh@vectren.com 1 N Main Street Evansville, IN 47711</p>
<p><b>Don Heisler</b> VECTREN UTILITY HOLDINGS, INC Specialist, Service A575 VUTL Bids Admin/General (812) 491-4599 Work 14599 Work (812) 305-3862 Mobile DRHeisler@Vectren.com 1 N Main Street Evansville, IN 47711</p>	<p><b>Shawn Kelly</b> VECTREN UTILITY HOLDINGS, INC Director, Regulatory Affairs 0575 VUTL Rates / Regulatory (812) 491-4759 Work 14759 Work (812) 228-9691 Mobile skelly@vectren.com One Vectren Square Evansville, IN 47708-1251</p>
<p><b>Deron Hawkins</b> ESG  -18124559158 Work dhawkins@energysystemsgroup.com</p>	

## RATE 129 NATURAL GAS VEHICLE SERVICE

### AVAILABILITY

This Rate Schedule shall be available throughout the Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determination shall be within Company's reasonable discretion.

### CHARACTER OF SERVICE

This Rate Schedule applies to the provision of (1) Gas Sales Service to a Customer-owned and operated CNG facility for the express purpose of converting such natural gas to CNG to fuel natural gas vehicles, or (2) the sale of CNG to any Customer from Company-Owned and operated CNG facilities to fuel natural gas vehicles.

Transportation Service is not provided under this Rate Schedule. Gas Service provided under this Rate Schedule to the Customer-owned and operated CNG facility shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

### RATES AND CHARGES

For Sales Service provided to a Customer-owned and operated CNG facility, the monthly Rates and Charges shall be:           

Customer Facilities Charge:  
\$18.12

Maximum Distribution Charge:  
\$0.1378 per therm

*going to*  
*1.46 max-fee*

For CNG Service provided from a designated Company-owned and operated CNG facility, the monthly Rates and Charges shall be:           

Maximum Distribution Charge:  
\$0.4207 per therm

#### **Appendices:**

The following Appendices shall be applied monthly:

- Appendix A – Gas Cost Adjustment
- Appendix G – Universal Service Fund Rider
- Appendix H – Pipeline Safety Adjustment

#### **Minimum Monthly Charge:**

The Minimum Monthly Charge shall be the Customer Facilities Charge, if applicable.

#### **Other Charges:**

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

#### **Competitive Flexibility:**

The Company may, on an individual Customer basis, assess a Distribution Charge lower than the Maximum Distribution Charge in order to meet competition from alternate fuels. The decision to assess a lower charge will be made by the Company based on its analysis of competitive conditions.



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**Eco Fuel Center**

Vectren Natural Gas Fuel Center is conveniently located off the Lloyd Expressway in Evansville, IN on the corner of Heidelbach & Division Streets.

Effective 11/01/2012

**Fuel Price: \*\$1.29 GGE**

*(gas gallon equivalent)*

*\*Price includes both state & federal tax*

**Fuel Type - Compressed Natural Gas**

**PSI Available - 3000/3600**

**Access - Public (open 24hrs)**

**Payment Accepted - Major Credit Cards**

For questions or concerns regarding our station, please call (837) 312-2565

**Natural Gas Vehicles**

Natural Gas Vehicle - NGV is the term used to describe vehicles that use Compressed Natural Gas (CNG) as a transportation fuel. There are two types of NGVs: dedicated vehicles that uses only CNG, or bi-fuel vehicles, in which CNG or gasoline may be used.

**NGVs for Fleets** - NGVs are ideal for fleet owners, who are seeking a safe, green, and economical alternative to gasoline or diesel. Changing to CNG is a wise decision given the fuel's many advantages. Click on the links below to learn why you should choose natural gas.

**Why choose Compressed Natural Gas?**

- [Economical](#)
- [Clean Burning](#)
- [Financial Incentives](#)
  - [Indiana](#)
  - [Ohio](#)
  - [Federal](#)
- [Safe](#)

Fleet owners and others interested in information on NGVs for their business operations may contact Graham Bailey at (837) 312-2565 or [gbailey@vectren.com](mailto:gbailey@vectren.com)

**Related Links**

- [Greater Indiana Clean Cities Coalition](#)
- [Clean Fuels Ohio](#)
- [CNG Fueling Stations in Indiana](#)
- [CNG Fueling Stations in Ohio](#)
- [NGVAmerica](#)

**OTHER CONTACTS INCLUDE:**

PAT TYRING  
DON HYSLER

## **Glenn Jennings**

---

**From:** Sebree, Mark A. <MSebree@vectren.com>  
**Sent:** Wednesday, February 20, 2013 4:54 PM  
**To:** Glenn Jennings  
**Cc:** Bailey, Graham H.  
**Subject:** Visit to Vectren

Good afternoon Glenn,

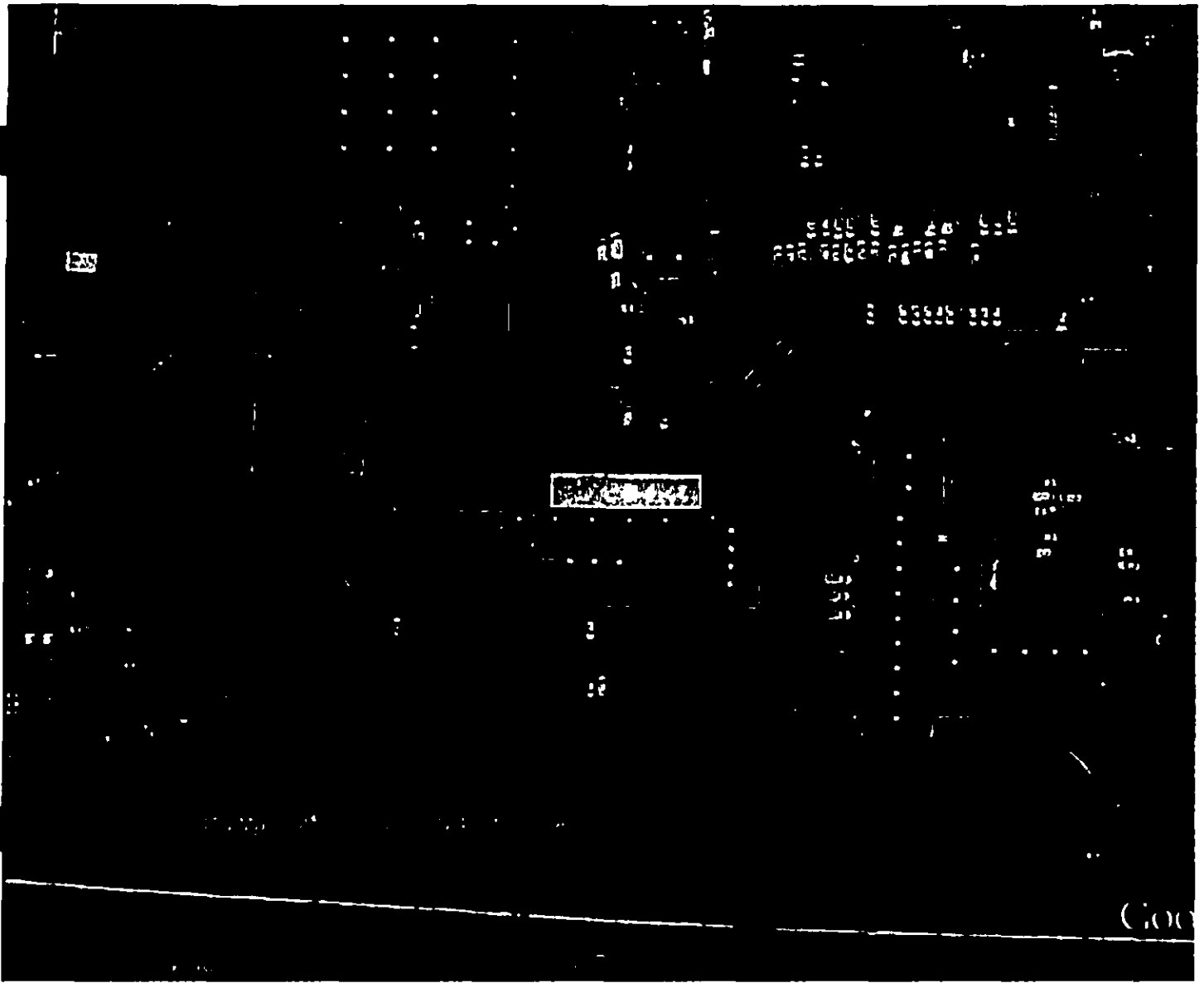
Doug Pettitt asked that I reach out to you concerning the visit to Vectren tomorrow (2/21). We look forward to meeting your team. Unfortunately Graham Bailey (our lead CNG representative) was previously scheduled to be in Ohio for tomorrow. However representatives from our fleet and facilities groups will be on hand to field any project questions from a historical or technical prospective. Also our person that handles day to day operation issues will be on hand. Hopefully the weather will permit us to stand in the space to discuss. However we will start by meeting in one of our conference rooms and move out to the station as the group sees fit.

In the event you are traveling separately from Lubes, I am providing parking and security information. Parking at our Wagner Operations center is accessible from either Division St or Main Street. (See below). Please check in with the Security Desk as indicated by the "Entrance" label shown below.

Thanks,

Mark Sebree-Director of Economic Development  
Vectren Energy Delivery  
One Vectren Square  
Evansville, IN 47708  
Office (812) 491-4677  
Fax (812) 491-5630  
[msebree@vectren.com](mailto:msebree@vectren.com)





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## Glenn Jennings

---

**From:** Glenn Jennings  
**Sent:** Wednesday, October 31, 2012 11:12 AM  
**To:** 'Ian Skelton'  
**Cc:** Chuck Moon; Kevin McCrackin; Bryan Batson  
**Subject:** RE: CNG

Ian:

Thank you. This is all very helpful. We will be discussing this soon here.

Glenn

---

**F**  
**From:** Ian Skelton [<mailto:iskelton@aglresources.com>]  
**Sent:** Wednesday, October 31, 2012 10:25 AM  
**To:** Glenn Jennings  
**Cc:** Chuck Moon; Kevin McCrackin; Bryan Batson  
**Subject:** RE: CNG

Hi Glenn.

We are finalizing the decision on purchase of ten CNG compressor packages for the five stations we are building here in Georgia in the next few months. In the 150 – 1,000 cfm size range we like Ariel compressors. There are two major packagers of Ariel equipment; ANGI and JW Power. Questar is an ANGI shop and we have had good experience with ANGI too so that is the way we are leaning. In the smaller size range 30 - 100 cfm we like Bauer, which is what Bryan mentioned we are installing at the corporate office here. We are agnostic on the large capacity ASME storage vessels since they are more of a commodity these days and will go with either spheres or tubes based on the station layout, bid price, and lead times. We have had good experience with Tulsa Gas Technology (TGT) dispensers and recommend them for the larger commercial stations where there will be multiple dispensers controlled from a central card reader pedestal. However, we are installing a Wayne dispenser here at our office since there will only be one dispenser and Wayne is the only company who currently offers an integral card reader without air purge. We are also trying the WEH pistol style nozzle on this dispenser and Bryan can let you know how that works for him!

Hope this information is helpful, please let me know if you have any other questions or if you would like to schedule a call sometime. Also, AGL is a Bauer distributor so we could possibly assist you with an installation in that size range.

Ian

---

**From:** Bryan Batson  
**Sent:** Wednesday, October 31, 2012 8:38 AM  
**To:** Glenn Jennings  
**Cc:** Ian Skelton; Chuck Moon; Kevin McCrackin  
**Subject:** RE: CNG

Ian and Chuck Moon are both great experts. But if you want one contact Ian is good sir. Just let us know if we can help.

We are just finishing an employee station in our parking lot if you ever want to visit and see that set up. It holds 100 gallons in storage. Small but pretty effective I think. Thx BB

**From:** Glenn Jennings [mailto:[GJENNINGS@DeltaGas.com](mailto:GJENNINGS@DeltaGas.com)]

**Sent:** Wednesday, October 31, 2012 5:04 AM

**To:** Bryan Batson

**Subject:** Re: CNG

Ian

We are in the midst of deciding on station design and equipment

I just returned from visiting Questar and seeing what they do

Who should we contact at AGL with questions about stations and installations? Ian Skelton?

Glenn Jennings

Sent from my iPhone

On Oct 29, 2012, at 8:46 AM, "Bryan Batson" <[bbatson@aglresources.com](mailto:bbatson@aglresources.com)> wrote:

Glenn I know you guys are working on CNG. Do you need any support or discussion with our folks on stations and installation. ?

Bryan

## Glenn Jennings

---

**From:** Ian Skelton <iskelton@aglresources.com>  
**Sent:** Monday, September 10, 2012 2:29 PM  
**To:** Glenn Jennings  
**Subject:** Re: ANGA TIAX Infrastructure Study

Hi Glenn,

We have just now signed contracts with the applicants for the first 5 stations to be built under the new CNG Infrastructure Program so we have not actually purchased any equipment yet.

Here is an update on our CNG program activity to date:

We have retained Mansfield Gas Equipment to do the detailed design. (We maintain about 30 stations we built back in the 1990s but have not actually built a new green field station in 10 years so we wanted to bring in somebody who has done projects more recently to make sure we get it right.)

We will be bidding out the equipment in October. We will send the RFP to the major industry suppliers: ANGI, J-W Power, Bauer, BRC, GE, etc. We understand lead times on compressor packages is about 22 weeks. However, we believe some of these suppliers may have equipment in stock and be able to deliver in shorter timeframe.

We believe the Ariel compressors packaged by ANGI and J-W Power are the industry standard in this compressor size range (150 cfm - 400 cfm) but we are going to consider other equipment that meets our specifications.

There are only a few manufacturers of storage vessels and we will consider either spheres or tubes, based on price and deliverability. Lead times on storage can be lengthy too but not expected to exceed the lead time of the compressors.

We have a preference for Tulsa Gas Technologies dispensers and Fuelmaster fuel management systems.

In addition to the CNG Infrastructure Program activity discussed above, we are also completing the following two projects:

1. Installation of a 4th 1100 cfm ANGI compressor (gas engine-driven), new dispensers, upgraded controls, etc. at MARTA transit station.
2. Installation of one 30 cfm Bauer compressor and storage for a small private access fast-fill station at AGL's Atlanta headquarters.

Hope that helps,  
Ian

---

**From:** Glenn Jennings [mailto:GJENNINGS@DeltaGas.com]  
**Sent:** Monday, September 10, 2012 11:26 AM  
**To:** Ian Skelton  
**Subject:** RE: ANGA TIAX Infrastructure Study

Could you provide us with the names of the vendors /suppliers of AGL's CNG facilities? We are interested in compressors, storage tanks and pump dispensers with card readers.

Any recommendations on those you all used would be appreciated.

Also, any information on equipment delivery times would be helpful.

I greatly appreciate talking with you and thank you for sharing information with us.

Glenn Jennings  
Delta Natural Gas

---

**From:** Ian Skelton [mailto:iskelton@aglresources.com]  
**Sent:** Wednesday, August 15, 2012 10:39 AM  
**To:** Glenn Jennings  
**Subject:** ANGA TIAX Infrastructure Study

Hi Glenn,

Good talking with you today. Please see the TIAX infrastructure study attached. Future modules will be available at the following site:

<http://anga.us/issues--policy/transportation/tiax-natural-gas-vehicle-market-analysis>

AGL's CNG program summary can be found at [www.aglc.com/cngpian](http://www.aglc.com/cngpian)

Please let me know if there is anything else I can do to assist.

**M. Skelton, P.E.**  
Director, Natural Gas Vehicles  
Business Development -1596

404-584-4626 office  
404-272-4481 mobile  
404-584-3375 fax  
[iskelton@aglresources.com](mailto:iskelton@aglresources.com)



GA  
30 stations - early 90's  
- 10 still owned  
- 20 customer own  
7 new stations big developed  
    ↳ 1 hour  
7-8 - others doing  
    - mess is  
    - industry  
    - clean energy

FLA

## Glenn Jennings

---

**From:** Glenn Jennings  
**Sent:** Wednesday, October 31, 2012 9:11 AM  
**To:** Johnny Caudill; Jonathan Morpew (JMORPHEW@DeltaGas.com)  
**Subject:** FW: CNG

For your info

glenn

---

**From:** Bryan Batson [mailto:bbatson@aglresources.com]  
**Sent:** Wednesday, October 31, 2012 8:38 AM  
**To:** Glenn Jennings  
**Cc:** Ian Skelton; Chuck Moon; Kevin McCrackin  
**Subject:** RE: CNG

Ian and Chuck Moon are both great experts. But if you want one contact Ian is good sir. Just let us know if we can help.

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---

**From:** Glenn Jennings [mailto:GJENNINGS@DeltaGas.com]  
**Sent:** Wednesday, October 31, 2012 5:04 AM  
**To:** Bryan Batson  
**Subject:** Re: CNG

Brian

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Glenn Jennings  
Sent from my iPhone

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Glenn I know you guys are working on CNG. Do you need any support or discussion with our folks on stations and installation. ?

Bryan

**Glenn Jennings**

**From:** Ken.Valentine@piedmontng.com  
**Sent:** Monday, November 26, 2012 1:47 PM  
**To:** Glenn Jennings  
**Subject:** Re: our visit  
**Attachments:** NC Rate Schedule 142.pdf; Dec.-2012 Rates.xlsx

Glenn, for our meeting / call, here are copies of our NC Rate 142 (NGV fuel) and our CNG rate components in our 3 states. I thought I would hand these out in the meeting as a helpful reference. Hope you are somewhere that you can access these. Ken

**Kenneth T. Valentine**  
Vice President, Business Development & Technology Services

4720 Piedmont Row Drive | Charlotte, NC 28210  
Office: 704.731.4360 Mobile: 704.575.7825  
ken.valentine@piedmontng.com



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*85 stations open to public*  
*5 - cities or commercial*

*John C. Justice*  
*#9*

*Ken Valentine*  
*Gene Logan*  
*Mike Karber*

*950 in fleet*  
*130 vehicles - 100 vehicles*  
*↓*  
*190 by 2013*

*12/18/12 Ken Valentine*  
*NC - 6*  
*SC - 2*  
*Tenn - 1 + 1 planned*

*Charlotte →*  
*maxley, valentine's 10000 gal equivalent*  
*12000 others / month*  
*1200 mcf x 12 = 14,000 / yr.*  
*(vehicles)*

**RATE SCHEDULE 142  
NATURAL GAS VEHICLE FUEL**

**Applicability and Character of Service**

Gas Service under this Rate Schedule is available to any Customer in the area served by the Company in the State of North Carolina for the consumption and/or resale of natural gas as a motor fuel, upon application to and consent by the Company to such Service, as provided in the Company's Service Regulations.

Gas Service under this Rate Schedule shall be metered at the Customer's Premises, or at the Company's Premises for purposes of providing public access to compressed natural gas filling stations. All gas delivered pursuant to this Rate Schedule shall be metered separately from any gas delivered under any of the Company's other Rate Schedules.

**Rates and Charges**

The rates to be charged for gas Service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at [www.piedmontng.com](http://www.piedmontng.com). A copy of the "Rates and Charges" tariff sheet is also on file with the North Carolina Utilities Commission and available from the Company. Rates are subject to adjustment from time to time with the approval of the North Carolina Utilities Commission.

**Highway Use Taxes**

The rates to be charged for gas Service pursuant to this Rate Schedule do not include applicable Federal, State and/or local highway motor fuel use taxes and fees. If applicable, bills rendered under this Rate Schedule will include such taxes and fees.

**Payment of Bills**

Bills are net and due upon receipt. Bills rendered for Service provided at the Customer's Premises become past due 15 days after bill date. Bills rendered for Service provided at the Company's Premises shall be paid at the time of Service with a valid credit or debit card accepted by the Company.

*for 15-2042221*

**Late Payment Charge**

For Service provided at the Customer's Premises, a late payment charge of 1% per month will be applied to all balances not paid prior to the next month's billing date.

**Service Interruption and Curtailment**

Gas Service under this Rate Schedule is subject to the provisions contained within Rate Schedule 106, "Schedule for Limiting and Curtailing Service," and the Company's Service Regulations.

**Applicable Documents Defining Obligations of the Company and Its Customers**

The applicable documents defining the obligations of the Company and its Customers are those described in Section 3 of the Company's Service Regulations.

Issued by Thomas E Skains, Chairman, President and CEO  
Issued to comply with authority granted by the  
North Carolina Utilities Commission  
Docket No. G-9, Sub 582

Issued: 8/19/2010  
Effective: 10/1/2010



### RATE SCHEDULE 142 NATURAL GAS VEHICLE FUEL

**Rider**

Service to Customers under this Rate Schedule using Company owned and maintained compressor facilities shall be billed at a maximum rate of \$0.40 per therm, in addition to the base rate for Service under this Rate Schedule 142 as set forth on the Company's "Rates and Charges" tariff sheet.

20 yr. cost of service  
min. volume requirement  
700,000 - 800,000  
50/day

in addition to .25  
.25 therm base margin

Rates for CNG service as a regulated service offering

*126 therm per gallon equivalent  
 → customer pays*

NOT IN SEASON

Effective: December 1, 2012

November - March

April - October

	Winter Per Therm	Winter Per GGE		Summer Per Therm	Summer Per GGE
<b>NORTH CAROLINA</b>					
1 Monthly charge (if applicable)	\$22.00 / month	\$22.00 / month		\$22.00 / month	\$22.00 / month
1 Rate 142 - total approved rate (without rider)	\$0.80080 /therm	\$1.00901 /GGE		\$0.78029 /therm	\$0.98317 /GGE
2 Federal Excise Fuel Tax	\$0.14524 /therm	\$0.18300 /GGE		\$0.14524 /therm	\$0.18300 /GGE
3 NC Inspection Fee	\$0.00198 /therm	\$0.00250 /GGE		\$0.00198 /therm	\$0.00250 /GGE
4 NC Road Tax	\$0.29921 /therm	\$0.37700 /GGE		\$0.29762 /therm	\$0.37500 /GGE
5 NC Excise Tax (pending Lynn Boyette's	\$0.04700 /therm	\$0.05922 /GGE		\$0.04700 /therm	\$0.05922 /GGE
NC Price calibrated to dispenser	\$1.29423 /therm	\$1.63073 /GGE		\$1.27213 /therm	\$1.60289 /GGE
→ With \$0.40/th Rider	\$1.69423	\$2.13473		\$1.67213	\$2.10689
<b>SOUTH CAROLINA</b>					
1 Rate 242 - total approved rate	\$0.79626 /therm	\$1.00329 /GGE		\$0.85605 /therm	\$1.07862 /GGE
2 Federal Excise Fuel Tax	\$0.14524 /therm	\$0.18300 /GGE		\$0.14524 /therm	\$0.18300 /GGE
3 SC Road Tax	\$0.12698 /therm	\$0.16000 /GGE		\$0.12698 /therm	\$0.16000 /GGE
4 Greenville Franchise Fee					
SC Price calibrated to dispenser	\$1.06848 /therm	\$1.34629 /GGE		\$1.12827 /therm	\$1.42162 /GGE
→ With \$0.50/th Rider	\$1.56848	\$1.97629		\$1.62827	\$2.05162
<b>TENNESSEE</b>					
1 Rate 342 - total approved rate	\$0.62691 /therm	\$0.78991 /GGE		\$0.62691 /therm	\$0.78991 /GGE
2 Federal Excise Fuel Tax	\$0.14524 /therm	\$0.18300 /GGE		\$0.14524 /therm	\$0.18300 /GGE
3 TN Road Tax	\$0.10317 /therm	\$0.13000 /GGE		\$0.10317 /therm	\$0.13000 /GGE
4 Nashville Franchise Fee	\$0.04150 /therm	\$0.05229 /GGE		\$0.04150 /therm	\$0.05229 /GGE
TN Price calibrated to dispenser	\$0.91682 /therm	\$1.15520 /GGE		\$0.91682 /therm	\$1.15520 /GGE
→ note case With \$0.50/th Rider	\$1.41682	\$1.78520		\$1.41682	\$1.78520

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2013-00365**

**SECOND DATA REQUEST FROM ATTORNEY GENERAL  
DATED JANUARY 10, 2014**

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.

Response:

See the response to PSC-2 Item 5.

Sponsoring Witness:

Jonathan W. Morpew

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2013-00365**

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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.

**Response:**

Electronic copies of the work papers have been included in the response to AG-2 Item 46.

**Sponsoring Witness:**

Matthew D. Wesolosky

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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).

**Response:**

Delta discussed its CNG plans with the City of Berea, Berea College, Berea Community School and Madison County Schools so they could consider CNG vehicles in their plans. Delta does not recall specifically discussing the costs of building the station. If there were any mention, it would have been in the range of the cost estimates Delta has received.

Delta has not contacted customers on a broader basis about Delta's CNG plans or costs of building a station.

**Sponsoring Witness:**

Glenn R. Jennings

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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.

**Response:**

**See the responses to AG-1 Item 4 and PSC-1 Item 15.**

**As stated in AG-1 Item 4, Delta has had a lot of experience with CNG facilities, but not in sales to the general public.**

**Delta believes that its overall technical, managerial and financial experience in the natural gas industry provides it the technical, managerial and financial experience and capabilities for managing the proposed CNG facilities both for public and private uses.**

**Sponsoring Witness:**

**Glenn R. Jennings**

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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.

**Response:**

See the response to AG-2 Item 15.

**Sponsoring Witness:**

**Glenn R. Jennings**

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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.

**Response:**

See the response to AG-2 Item 15.

**Sponsoring Witness:**

Glenn R. Jennings



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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.

**Response:**

Being no known CNG fueling stations operating in Delta's service territory, Delta estimates there are no CNG-powered vehicles currently operating within Delta's service territory.

**Sponsoring Witness:**

**John B. Brown**

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19. Please reference the company's response to OAG 1-13. Provide the source for the answer listed.

**Response:**

The 15 gge tank and 15 mpg is assumed in the calculation. Recent information from a Ford/Chevrolet dealership has indicated that the actual tank size for their vehicles will be approximately 20 gge. The 15 mpg was an estimate based on Delta's experience with similar service vehicles.

The actual fuel economy will depend on the vehicle, but according to the Department of Energy, a CNG vehicle should have a fuel economy similar to the gasoline version of the same vehicle.

**Sponsoring Witness:**

**Jonathan W. Morphew**

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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?

**Response:**

- a. Each dual fuel vehicle listed assumes a 20.4 GGE capacity.
- b. Delta does not have information responsive to this question. However, the US Department of Energy website states, "a CNG-powered vehicle gets about the same fuel economy as a conventional gasoline vehicle on a gasoline gallon equivalent basis"

**Sponsoring Witness:**

**Matthew D. Wesolosky**

**DELTA NATURAL GAS COMPANY, INC.  
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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?

**Response:**

The tenth column of the referenced exhibit labeled "Access Days Time" indicates the hours the stations are open.

**Sponsoring Witness:**

**John B. Brown**

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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.

Response:

Yes.

Sponsoring Witness:

Jonathan W. Morphew

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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.

Response:

- a. – c. See Direct Testimony Of Jonathan Morphew, Page 5, lines 18 – 23 and Page 6, lines 1 – 5.

Sponsoring Witness:

Jonathan W. Morphew

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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.

Response:

- a-f. Delta has not researched liquefied natural gas (LNG) fueling stations.

Sponsoring Witness:

John B. Brown

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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?

**Response:**

Such certifications, licenses, permits, etc. are not known at this time. Upon approval of this request, Delta will comply with all necessary permitting and licensing as required by the State Fire Marshal and any other agency with jurisdiction over the CNG station. Delta's operation of the CNG station will be minimal as it will be "self-serve." See AG-1 Item 32d.

**Sponsoring Witness:**

Jonathan W. Morphew



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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).

**Response:**

See the response to AG-2 Item 25.

**Sponsoring Witness:**

Jonathan W. Morpew

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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.

**Response:**

Delta personnel will be available during normal work hours, in the event there is a problem or emergency at the station. The specific employees which will bear the responsibility will be determined at a later date. However, the station is a "self-serve" station and under normal operation, does not require Delta personnel on site. See the response to AG-1 Item 32d.

**Sponsoring Witness:**

**Jonathan W. Morpew**

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28. Please reference the company's response to OAG I-36a. Confirm that Exhibit III only reflects data through September 2012.

Response:

Yes.

Sponsoring Witness:

John B. Brown

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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?

Response:

No.

a. No.

Sponsoring Witness:

John B. Brown

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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.

Response:

See the response to PSC-2 Item 6.

Sponsoring Witness:

John B. Brown

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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.

**Response:**

The pages filed as exhibits to the response to AG-1 Item 45 are copies of the most relevant pages of the web pages quoted on page 5 of Mr. Brown's Direct Testimony, not printouts of the entire web sites. Each of the ten pages filed refer to the fact that natural gas is "clean burning" or has lower emissions. Each page also indicates along with page 5 of Mr. Brown's Direct Testimony, the website source, to aid in additional research.

**Sponsoring Witness:**

**John B. Brown**

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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.

**Response:**

The pages filed as exhibits to the response to AG-1 Item 46 are copies of the most relevant pages of the web pages quoted on page 5 of Mr. Brown's Direct Testimony, not printouts of the entire web sites. Each of the portions of the four articles filed refer to the safe nature of natural gas as a vehicle fuel. The website sources are given on page 5 of Mr. Brown's Direct Testimony, to aid in additional research.

**Sponsoring Witness:**

**John B. Brown**

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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.)

**Response:**

The Henry Hub price is a reasonable approximation of the unit cost of gas delivered to Berea in January 2014. Attached is a revised page 11 of the Brown testimony, which includes the gas cost requested by the data request, as well as the applicable taxes. As noted in the response to AG-1 Item 60 b and g, the \$5 of operating costs was included for illustrative purposes only to explain the differences between measuring station profitability versus the contribution towards the revenue requirement. The operating costs for the station are listed at Exhibit II of the Wesolosky testimony; however, the operating cost per GGE for these fixed costs is a function of the annual sales, which cannot be estimated.

**Sponsoring Witness:**

Matthew D. Wesolosky



1 **Q. If Delta is proposing that it will own the CNG Station, why is Delta charging the**  
2 **station a transportation rate?**

3 **A. Since the sales to the public from the station will be treated as unregulated, charging the**  
4 **Delta owned station a transportation rate treats the station as if it were an unaffiliated**  
5 **customer and provides Delta the ability to evaluate the profitability of the station as if it**  
6 **were a commercial entity. For example, if the station sold 50 gasoline gallon equivalents**  
7 **("GGE") at a sales price of \$2 per GGE (\$2.54 per CCF), a gas cost of \$.34 per GGE**  
8  **(\$.43 per CCF), a transportation rate of \$.13 per GGE (\$.16 per CCF), federal taxes of**  
9  **\$.183 per GGE, state taxes of \$.309 per GGE and \$5 of other operating costs, the**  
10 **station's profitability would be \$47. Failure to charge the station the transportation rate**  
11 **would be to say the profitability of the station was \$53, which is misleading since there is**  
12 **cost associated with transporting the gas to the station.**

13 **Q. In the preceding example, in a rate case how much would the station contribute**  
14 **towards Delta's revenue requirement?**

15 **A. In the preceding example, \$53 would be contributed towards Delta's revenue**  
16 **requirement. Of the \$53, \$6.50 (50 GGE x \$.13 per GGE) of the transaction would be**  
17 **contributed from Delta's transportation service and the remainder is contributed from the**  
18 **non-regulated activity.**

19 **Q. Will the profit (loss) of the CNG Station as described above be the net impact of the**  
20 **CNG Station on the utility and its customers?**

21 **A. Any loss would be offset by tariff transportation revenues earned by the utility for**  
22 **delivering natural gas to the station. Though the tariff transportation rate is a cost to the**  
23 **station, it is paid to the utility as an added contribution to utility margin.**

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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?

**Response:**

No. Delta was able to receive competitive estimates without incurring the time and expense of a formal RFP process.

**Sponsoring Witness:**

**Jonathan W. Morpew**

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35. Who would construct the facilities if the application is approved?

Response:

CNG Source

Sponsoring Witness:

Jonathan W. Morphey

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36. Please reference the company's response to OAG 1-66. Will there be personnel on-site at the station to assist customers?

Response:

See the response to AG-2 Item 27.

Sponsoring Witness:

Jonathan W. Morpew

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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.

**Response:**

Yes. Delta is unsure at this time as to the extent of the State Fire Marshal's involvement on the project. Upon authorization for construction, the State Fire Marshal will be contacted in order to obtain all information necessary for the construction, licensing, permitting, inspection and operation of the station.

**Sponsoring Witness:**

**Jonathan W. Morphew**

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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.

Response:

Yes. See the response to AG-2 Item 37.

Sponsoring Witness:

Jonathan W. Morpew

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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.

**Response:**

See the response to PSC-2 Item 8.

**Sponsoring Witness:**

Glenn R. Jennings

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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?"

**Response:**

The vendor selected has constructed other CNG facilities and has thorough knowledge of the processes involved. The vendor has advised that receipt of equipment may take up to 180 days from time of order. Upon authorization of the project, the vendor shall provide plans and order equipment. Prior to the arrival of the equipment, site work can commence. The equipment should be received, installed and energized within the 180 day window. This schedule is proposed with ideal weather conditions. Less than ideal weather may lengthen the 180 day schedule.

**Sponsoring Witness:**

**Jonathan W. Morpew**



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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.

**Response:**

- a. Delta Resources, Inc. buys natural gas and resells it to industrial or other large use customers on Delta's system.

Delgasco, Inc. buys natural gas and resells it to Delta Resources and to customers not on Delta's system.

Enpro, Inc. owns and operates natural gas production properties and undeveloped acreage.

- |      |                      |  |
|------|----------------------|--|
| b&c. | John B. Brown        | Chief Financial Officer, Treasurer & Secretary             |
|      | Johnny L. Caudill    | Vice President – Distribution                              |
|      | Glenn R. Jennings    | Chairman of the Board, President & Chief Executive Officer |
|      | Brian S. Ramsey      | Vice President – Transmission & Gas Supply                 |
|      | Matthew D. Wesolosky | Vice President – Controller                                |

**Sponsoring Witness:**

**John B. Brown**

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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.

**Response:**

The financial operations of the CNG station will be accounted for using the same generally accepted accounting principles utilized by Delta. Mr. Wesolosky is a certified public accountant familiar with such accounting. Therefore, Delta believes he has experience relevant to manage the financial operations of the CNG station.

**Sponsoring Witness:**

**Matthew D. Wesolosky**

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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.

Response:

The response to PSC-1 Item 10 includes the incremental cost per CNG vehicle.

- a. Correct. Delta's capital expenditures will increase \$102,850 as a result of purchasing eleven CNG vehicles.

Sponsoring Witness:

Matthew D. Wesolosky

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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.

Response:

The \$722 referenced above is not a cost savings, but rather the cost of natural gas for a CNG vehicle. The response to AG-1 Item 87 refers to the analysis on page 5 of the Wesolosky testimony. The response to PSC-1 Item 10 revised the analysis from page 5 of the Wesolosky testimony to include the effect of federal and state taxes.

Sponsoring Witness:

Matthew D. Wesolosky

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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.

**Response:**

Delta applied for tax incentives related to sales tax, income tax and severance tax. The calculation in the Wesolosky Exhibits anticipates the utilization of sales tax credits as the calculation excludes sales tax from the total construction cost of the station. The total sales tax on the construction would be approximately \$67,000, leaving \$183,000 remaining of the initial \$250,000 of credits approved. The remaining tax credits could then be offset against either state income taxes or severance taxes.

As the credits are utilized, the impact of such credits will flow back to Delta's customers; however, the timing and extent to which tax credits will be utilized are unknown which makes incorporation into the Wesolosky Exhibits impractical.

Once the station becomes profitable, the tax credit will offset state income taxes and an investment tax credit will be recognized and amortized over the remaining useful life of the station. The amortization of the credits would reduce the tax expansion factor used to determine the annual revenue requirement. To the extent gas produced within Kentucky is used to supply the CNG station, the tax credit will reduce the cost of purchased gas, thus increasing the stations' contribution to the revenue requirement.

**Sponsoring Witness:**

**Matthew D. Wesolosky**

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46. Please provide copies of the exhibits accompanying Mr. Wesolosky's testimony in Excel format with all data and formulae intact.

**Response:**

**Excel files are included on the attached CD.**

**Sponsoring Witness:**

**Matthew D. Wesolosky**