

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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MAY 19 2014

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF DELTA NATURAL GAS)
COMPANY, INC. FOR AN ORDER DECLARING) Case No. 2013-00365
THAT IT IS AUTHORIZED TO CONSTRUCT,)
OWN AND OPERATE A COMPRESSED NATURAL)
GAS STATION IN BERE A, KENTUCKY)

ATTORNEY GENERAL'S
MOTION FOR AN EVIDENTIARY HEARING

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, moves the commission to hold an evidentiary hearing in the present matter pursuant to the Order dated May 9, 2014. The Attorney General states the following grounds for the motion for a hearing.

On October 3, 2013, Delta Natural Gas Company Inc. ("Delta") filed an application with the Public Service Commission requesting a declaratory order authorizing it to construct, own, and operate a compressed natural gas station at its existing facilities in Berea, Kentucky, or in the alternative be granted a certificate of public convenience and necessity authorizing it to construct the compressed natural gas station pursuant to KRS 278.020(1). Delta estimated that the cost of construction will be approximately \$1,300,000. Per Delta's application it proposes to use the CNG Station to fuel some of Delta's company-owned motor vehicles, and anticipates that the station will be available for sale of natural gas as a motor vehicle fuel to the public.

Delta proposes to make the sales of natural gas as fuel to the public from the CNG Station as an unregulated activity. Delta further asserts that all revenues and expenses associated with the operation of the CNG Station be recorded and reported as regulated revenues and expenses, even though it proposes that the sales of natural gas to the public will be treated as unregulated activity. Finally, Delta proffers that it intends to include the cost of the CNG station construction in rate base and the expenses in cost of service and revenues in the estimated revenue requirement.

The Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (the "AG") was granted intervention on November 22, 2013 and propounded initial and supplemental requests for information to Delta. Furthermore, Interstate Gas Supply, Inc. and Clean Energy Fuel Corp. ("Movants") were granted intervention on January 8, 2014 and filed direct testimony on April 11, 2014.

The AG respectfully requests a public evidentiary hearing to be held on the pending case since it is a matter of first impression in the state of Kentucky. It is in the public's best interest to hold a full evidentiary hearing regarding the precedential issue of a utility company building a CNG Station while placing the construction and expense costs in the rate base and revenue requirement that is currently before the Commission. A hearing will assist in fully developing the record and allowing for public comment on the pending proposal. Information garnered from Delta, Movants, and the public during the hearing may be helpful in the review of Delta's pending application. It is important to note that both Interstate Gas Supply, Inc. and Clean Energy Fuel Corp.

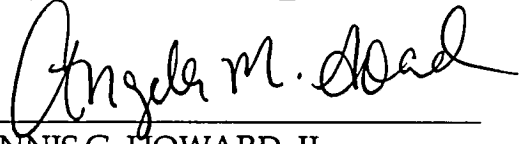
concur with the Attorney General's request for an evidentiary hearing in the present matter.

According to KRS 278.020(1) the Commission has the authority in its discretion to conduct a public hearing on a certificate of public convenience and necessity "upon the filing of an application for a certificate, and **after any public hearing** which the commission may in its discretion conduct for all interested parties..." (emphasis added.) Furthermore, under 807 KAR 5:001 Section 19(8), the Commission may upon application for declaratory order, "take any action necessary to ensure a complete record, to include holding oral arguments on the application..." Therefore, per Kentucky law the Commission has the discretion to grant an evidentiary hearing in the present case.

Wherefore, the Attorney General respectfully moves the Commission to grant a public evidentiary hearing in order to more fully develop the record and allow for public comment on the pending matter of first impression in Kentucky.

Respectfully submitted,

JACK CONWAY
ATTORNEY GENERAL

A handwritten signature in black ink that reads "Angela M. Goad". The signature is written in a cursive style with a large initial 'A' and 'G'.

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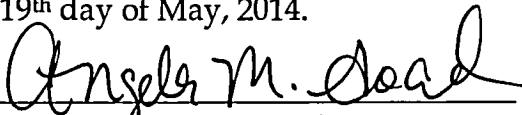
Certificate of Service and Filing

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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this 19th day of May, 2014.



Assistant Attorney General