



**Delta Natural Gas Company, Inc.**

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RECEIVED

September 24, 2014

SEP 25 2014

PUBLIC SERVICE  
COMMISSION

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

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

Dear Mr. Derouen:

We enclose for filing an original and ten copies of the both the Attorney General's post-hearing data request for Delta Natural Gas Company, Inc. in the above-captioned case. Please acknowledge the receipt of this filing by stamping the extra copy of the cover letter and returning it to Delta in the envelope provided. Thank you in advance for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matthew D. Wesolosky".

Matthew D. Wesolosky

Cc: Counsel of Record

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

**POST HEARING DATA REQUEST FROM ATTORNEY GENERAL  
DATED SEPTEMBER 16, 2014**

1. Based on the revised CNG station cost of \$1,333,550, please provide a revised calculation of the estimated impact to Delta's volumetric rate.

Response:

See attached. The attached illustrates the impact to customer rates based on the revised pricing for the CNG station. Assuming the increased station price of \$1,333,550 and the station not selling any CNG, the average monthly impact to the residential customer is \$0.24 per month.

Witness:

Matthew D. Wesolosky

Delta Natural Gas Company, Inc.  
Case No. 2013 -00365  
Post-Hearing Data Request AG-1

## Schedule I

## Impact of CNG Station on Customer Rates

1 Total capital expenditures (per Delta Hearing Exhibit I)	\$ 1,333,550
2 Less:	
3 Accumulated depreciation (Schedule II)	(44,007)
4 Accumulated deferred income taxes (Schedule II)	(55,613)
5 Net Rate Base	<u>1,233,930</u>
6 WACOC, per case no 2010-00116	<u>7.97025%</u>
7 Allowed Return	98,347
8 Tax expansion factor, w PSC (per Case No. 2010-00116)	<u>1.60658</u>
9 Return, grossed up for income taxes	\$ 158,003
10 Cost of service items (Schedule III)	<u>76,896</u>
<b>12 Impact to Delta's Revenue Requirement</b>	<b>\$ 234,899</b>
13 Fiscal 2013 CCF Billed	
14 Retail	30,556,680
15 Firm on-system transportation	<u>15,627,130</u>
<b>16 Total throughput (Delta Hearing Exhibit II)</b>	<b><u>46,183,810</u></b>
<b>17 Estimated impact to Delta's volumetric rate, per CCF (line 12/line 16)</b>	<b>\$ 0.00509</b>
18 Fiscal 2013 average residential consumption (Ccf) (Wesolosky Testimony page 4, line4)	<u>560</u>
<b>19 Annual impact to residential customer rates</b>	<b>\$ 2.85</b>
<b>20 Average monthly impact to residential customers</b>	<b>\$ 0.24</b>

Delta Natural Gas Company, Inc.  
Case No. 2013 -00365  
Testimony of Matthew D. Wesolosky  
Wesolosky Exhibit II  
Schedule II  
Calculation of Depreciation and Deferred Income Taxes

			Book	Tax	Cumulative Timing Difference
1	Investment	\$ 1,333,550			
2	Depreciation Rate		3.30%	14.29% <sup>(1)</sup>	
3	Depreciation Expense		(44,007)	(190,511)	
4	Net Book Value (line 1 - line 3)		1,289,543	1,143,039	(146,504)
5	Statutory Tax Rate (see below)				<u>37.96%</u>
6	Deferred Income Tax Liability (line 4 x line 5)				(55,613)

7 Calculation of Statutory Tax Rate

8	Federal Tax Rate	34.00%
9	State Tax Rate	6.00%
10	Federal Benefit of State Taxes	<u>-2.04%</u>
11		37.96%

<sup>(1)</sup> Assumes seven year life under MACRS depreciation.

Delta Natural Gas Company, Inc.  
Case No. 2013 -00365  
Testimony of Matthew D. Wesolosky  
Wesolosky Exhibit II  
Schedule III  
CNG Station Cost of Service

	<b>Total Cost of Service Impact</b>
1 Increased depreciation expense (schedule II)	\$ 44,007
2 Other operation and maintenance expense	\$ 20,000
3 Property tax expense (see below)	\$ 12,889
<b>4 Total Cost of Service Impact</b>	<b>\$ 76,896</b>
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<b>5 Calculation of property tax expense</b>	
6 Total capital expenditures (Schedule I)	\$ 1,333,550
7 Ad valorem tax rate (line 11)	0.9665%
	<hr/>
8 <i>Per Case 2010-00116, FR10(6)(h) Tab 27, Schedule 5.1</i>	
9 Total taxable value	144,250,000
10 Property tax expense	1,394,198
11 Average ad valorem tax rate	0.9665%