

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE PIPE REPLACEMENT)	CASE NO.
PROGRAM RIDER OF DELTA NATURAL GAS)	2014-00072
COMPANY, INC.)	

ORDER

On February 28, 2014, Delta Natural Gas Company, Inc. ("Delta") submitted a tariff filing requesting to revise rates for its Pipeline Replacement Program ("PRP") effective April 23, 2014, pursuant to the Commission's Order in Case No. 2010-00116.¹ On March 13, 2014, the Commission issued an Order suspending the proposed rates up to and including September 22, 2014. Delta responded to one information request from Commission Staff. There are no intervenors in this proceeding and the case now stands submitted for decision.

Delta proposes a current year PRP Adjustment of \$1,045,318. Delta's Total PRP Adjustment of \$1,124,360 includes a Balancing Adjustment to collect an under-recovery of its 2013 PRP Adjustment in the amount of \$79,042. In response to Commission Staff's First Request for Information ("Staff's First Request"), Delta states that since the PRP was approved in Case No. 2010-00116, a decline in its number of customers is causing it to under-recover its ongoing PRP investment. Delta further states that it would therefore be open to using updated customer numbers to allocate the PRP

¹ Case No. 2010-00116, *Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates* (Ky. PSC Oct. 21, 2010).

revenue requirement. Delta provided an updated breakdown of customers by class, and showed the impact on its proposed PRP rates if customer numbers for the 12 months ended October 31, 2013, were used in its calculation.

Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that the information contained in Delta's filing, along with its responses to Staff's First Request, is in sufficient detail to support the reasonableness of Delta's revised PRP adjustment. The Commission further finds that using up-to-date customer numbers to calculate Delta's PRP rates is not precluded by its tariff, will lead to a more accurate collection of PRP revenues, and will result in smaller under-recoveries of PRP investment in the future. In Delta's future PRP applications, it should continue to allocate its PRP revenue requirement using the same class allocations that were approved in Case No. 2010-00116, but should use the most current number of customers to determine its revised PRP rate.

The Commission further finds that, in order to facilitate the Commission's orderly review of Delta's PRP adjustments, applications for all future requests setting forth the basis for revised rates should be submitted no less than 60 days prior to the effective date of the proposed rates.

IT IS HEREBY ORDERED that:

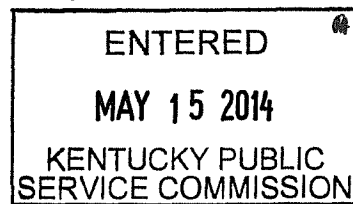
1. The PRP rates in the Appendix to this Order are approved for service rendered by Delta on and after the date of this Order.
2. Within 20 days of the date of this Order, Delta shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff

sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.


3. Delta shall determine its PRP rate using the most current number of customers, as found reasonable herein.

4. Delta shall, no less than 60 days prior to the proposed effective date, submit applications to the Commission for all future requests to adjust its PRP rates.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00072 DATED **MAY 15 2014**

The following rates and charges are prescribed for the customers in the area served by Delta Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Pipeline Replacement Program Rates:

Residential	\$1.71
Small Non-Residential	\$3.27
Large Non-Residential	\$25.10
Interruptible	\$155.76

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