



DELTA NATURAL GAS COMPANY, INC.

3617 Lexington Road
Winchester, Kentucky 40391-9797

www.deltagas.com

PHONE: 859-744-6171

FAX: 859-744-3623

June 19, 2014



RECEIVED

JUN 20 2014

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P O Box 615
Frankfort, KY 40602-0615

Dear Mr. Derouen:

Enclosed are the original and ten copies of Delta's Quarterly Report of Gas Cost Recovery Rate Calculation which determines the Gas Cost Recovery Rate (GCR) to be effective with the first billing cycle of August 2014 which includes meters read on and after July 23, 2014.

Effective with Delta's May 2013 GCR filing, the BA calculation was modified to collect the BA over twelve months (Case No. 2013-00114). In the current filing, the Balance Adjustment for the BA reflects the change and is calculated based on the May 2013 Balance Adjustment for the AA. Schedule VI reflects the calculation of the dollar amount resulting from the BA in effect four quarters prior to the current effective quarter.

An extra copy of the filing is attached for public files.

Please acknowledge receipt of this filing by stamping the extra copy of the cover letter and returning to Delta in the envelope provided.

Sincerely,

Connie King

Connie King
Manager – Corporate & Employee Services

RECEIVED

JUN 20 2014

**PUBLIC SERVICE
COMMISSION**

GAS COST

RECOVERY RATE CALCULATION

Date Filed **6/19/2014**

Date to be Effective **07/23/2014**

GAS COST RECOVERY CALCULATION

COST RECOVERY RATE EFFECTIVE JULY 23, 2014		
PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	7.2071
SUPPLIER REFUND (RA)	\$/MCF	-
ACTUAL ADJUSTMENT (AA)	\$/MCF	2.4322
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.3938)
GAS COST RECOVERY RATE (GCR)	\$/MCF	<u>9.2455</u>

EXPECTED GAS COST SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
PRIMARY GAS SUPPLIERS (SCHEDULE II)	\$	1,836,269
UTILITY PRODUCTION	\$	-
INCLUDABLE PROPANE	\$	-
UNCOLLECTIBLE GAS COSTS	\$	<u>9,964</u>
	\$	1,846,233
TOTAL ESTIMATED SALES FOR QUARTER	MCF	<u>256,168</u>
EXPECTED GAS COST (EGC) RATE	\$/MCF	<u>7.2071</u>

SUPPLIER REFUND ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE III)	\$/MCF	-
PREVIOUS QUARTER	\$/MCF	-
SECOND PREVIOUS QUARTER	\$/MCF	-
THIRD PREVIOUS QUARTER	\$/MCF	-
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	<u>-</u>

ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE IV)	\$/MCF	(0.1850)
PREVIOUS QUARTER	\$/MCF	1.3684
SECOND PREVIOUS QUARTER	\$/MCF	0.8642
THIRD PREVIOUS QUARTER	\$/MCF	<u>0.3846</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	<u>2.4322</u>

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE V)	\$/MCF	(0.3353)
PREVIOUS QUARTER	\$/MCF	(0.1571)
SECOND PREVIOUS QUARTER	\$/MCF	(0.0331)
THIRD PREVIOUS QUARTER	\$/MCF	<u>0.1317</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>(0.3938)</u>

TENNESSEE GAS PIPELINE RATES EFFECTIVE 8/01/14

	DTH	FIXED OR		RATES	QUARTERLY	
	VOLUMES	VARIABLE			COST	
FT-G RESERVATION RATE - ZONE 0-2	1.	4,943	F	2.	\$16.058	\$79,378
FT-G RESERVATION RATE - ZONE 1-2	3.	13,294	F	4.	\$10.970	\$145,843
FT-G COMMODITY RATE - ZONE 0-2	5.	4,132	V	6.	\$0.0177	\$73
FT-G COMMODITY RATE - ZONE 1-2	7.	11,110	V	8.	\$0.0147	\$163
FT-A RESERVATION RATE - ZONE 0-2	9.	416	F	10.	\$16.058	\$6,686
FT-A RESERVATION RATE - ZONE 1-2	11.	1,786	F	12.	\$10.970	\$19,592
FT-A RESERVATION RATE - ZONE 3-2	13.	278	F	14.	\$5.717	\$1,590
FT-A COMMODITY RATE - ZONE 0-2	15.	12,664	V	16.	\$0.0177	\$224
FT-A COMMODITY RATE - ZONE 1-2	17.	54,321	V	18.	\$0.0147	\$799
FT-A COMMODITY RATE - ZONE 3-2	19.	8,461	V	20.	\$0.0026	\$22
FUEL & RETENTION - ZONE 0-2	21.	16,796	V	22.	\$0.1090	\$1,831
FUEL & RETENTION - ZONE 1-2	23.	65,431	V	24.	\$0.0929	\$6,081
FUEL & RETENTION - ZONE 3-2	25.	8,461	V	26.	\$0.0268	\$227
SUB-TOTAL						\$262,510
FS-PA DELIVERABILITY RATE	27.	2,700	F	28.	\$2.81	\$7,587
FS-PA INJECTION RATE	29.	27,573	V	30.	\$0.0073	\$201
FS-PA WITHDRAWAL RATE	31.	27,573	V	32.	\$0.0073	\$201
FS-PA SPACE RATE	33.	330,880	F	34.	\$0.0286	\$9,463
FS-PA RETENTION	35.	27,573	V	36.	\$0.0478	\$1,318
SUB-TOTAL						\$18,771
FS-MA DELIVERABILITY RATE	37.	15,301	F	38.	\$1.54	\$23,563
FS-MA INJECTION RATE	39.	57,230	V	40.	\$0.0087	\$498
FS-MA WITHDRAWAL RATE	41.	57,230	V	42.	\$0.0087	\$498
FS-MA SPACE RATE	43.	686,756	F	44.	\$0.0211	\$14,491
FS-MA RETENTION	45.	57,230	V	46.	\$0.0478	\$2,736
SUB-TOTAL						\$41,785
TOTAL TENNESSEE GAS PIPELINE CHARGES						\$323,066

COLUMBIA GAS TRANSMISSION RATES EFFECTIVE 8/01/14

GTS COMMODITY RATE	47.	37,952	V	48.	\$0.7837	\$29,743
FUEL & RETENTION	49.	37,952	V	50.	\$0.1370	\$5,199
TOTAL COLUMBIA GAS TRANSMISSION CHARGES						\$34,942

COLUMBIA GULF CORPORATION RATES EFFECTIVE 8/01/14

FTS-1 RESERVATION RATE	51.	13,134	F	52.	\$4.2917	\$56,367
FTS-1 COMMODITY RATE	53.	37,952	V	54.	\$0.0109	\$414
FUEL & RETENTION	55.	37,952	V	56.	\$0.0001	\$5
TOTAL COLUMBIA GULF CORPORATION CHARGES						\$56,786

TOTAL PIPELINE CHARGES**\$414,794**

MCF PURCHASES FOR THREE MONTHS BEGINNING

August 1, 2014

AT SUPPLIERS COSTS EFFECTIVE

August 1, 2014

Supplier	MCF Purchases	DTH Conv Factor	Rates (\$)	Quarterly Cost	Rate Increase (I)/ Reduction (R)
TENNESSEE GAS PIPELINE PIPELINE (SCH II, PAGE 2 OF 2)				\$323,066	
ATMOS ENERGY MARKETING COLUMBIA GAS TRANSMISSION PIPELINE (SCH II, PAGE 2 OF 2)	85,798	1.057	4.4684	405,230	R
ATMOS ENERGY MARKETING COLUMBIA GULF TRANSMISSION PIPELINE (SCH II, PAGE 2 OF 2)	36,076	1.052	4.4579	\$91,727 169,185	R
MIDWEST ENERGY SERVICES	132,292	1.257	5.0284	836,172	R
KENTUCKY PRODUCERS VINLAND	2,003	1.200	4.5298	10,888	R
STORAGE	-		0.0000	-	
TOTAL	256,168			1,836,269	
COMPANY USAGE	3,843				

ESTIMATED UNCOLLECTIBLE GAS COSTS
FOR THE THREE MONTHS ENDED

October 31, 2014

TWELVE MONTH AVERAGE
% OF PURCHASED GAS TO RECORDED
REVENUE

53.00%

ESTIMATED BAD DEBT EXPENSE

\$18,800

R

% OF PURCHASED GAS TO BILLED REVENUE
UNCOLLECTIBLE GAS COSTS

9,964

I

**SUPPLIER REFUND ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
April 30, 2014**

Particulars	Unit	Amount
SUPPLIERS REFUNDS RECEIVED (1)	\$	0
INTEREST FACTOR (2)		<u>0.997826</u>
REFUND ADJUSTMENT INCLUDING INTEREST	\$	0
SALES TWELVE MONTHS ENDED April 30, 2014	MCF	<u>3,364,850</u>
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u><u>0.0000</u></u>

(1) Suppliers Refunds Received	Date Received	Amount
Total		<u><u>0.00</u></u>

(2) Interest Factor		
RESULT OF PRESENT VALUE	0.0984620	-0.5 = (0.401538)

**COMPUTATION OF VINLAND PRICE EFFECTIVE 8/01/14 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR AUGUST THROUGH OCTOBER 2014**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$4.5298 per MMBtu dry

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 8/01/14 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR AUGUST THROUGH OCTOBER 2014 (TGP)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$4.4684 per MMBtu dry

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 8/01/14 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR AUGUST THROUGH OCTOBER 2014 (TCO)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$4.4579 per MMBtu dry

**COMPUTATION OF MIDWEST ENERGY SERVICES PRICE EFFECTIVE 8/01/14 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR AUGUST THROUGH OCTOBER 2014**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$5.0284 per MMBtu dry

TGP SUPPLIED AREAS PURCHASE PROFILE:

6/11/2014

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
August 2014	18,537	19,593	\$4.544	(\$0.060)	\$87,855.85
September	18,364	19,411	\$4.527	(\$0.060)	\$86,708.02
October	<u>48,897</u>	<u>51,684</u>	\$4.523	(\$0.060)	<u>\$230,666.39</u>
	85,798	90,688			\$405,230.26
Fixed Price ____		0	\$0.000		\$0.00
Fixed Price ____		0	\$0.000		\$0.00
Total Dth		90,688			
WEIGHTED AVERAGE PRICE PER DTH:					<u><u>\$4.4684</u></u>

COLUMBIA SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
August 2014	7,117	7,487	\$4.544	(\$0.07)	\$33,496.27
September	6,963	7,325	\$4.527	(\$0.07)	\$32,647.65
October	<u>21,996</u>	<u>23,140</u>	\$4.523	(\$0.07)	<u>\$103,040.79</u>
	36,076	37,952			\$169,184.71
Fixed Price ____		0	\$0.000		\$0.00
Fixed Price ____		0	\$0.000		\$0.00
Total Dth		37,952			
WEIGHTED AVERAGE PRICE PER DTH:					<u><u>\$4.4579</u></u>

VINLAND SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
August 2014	550	660	\$4.544	0	\$2,999.04
September	502	602	\$4.527	0	\$2,727.06
October	<u>951</u>	<u>1,141</u>	\$4.523	0	<u>\$5,161.65</u>
	2,003	2,404			\$10,887.75
WEIGHTED AVERAGE PRICE PER DTH:					<u><u>\$4.5298</u></u>

COLUMBIA GULF SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
August 2014	28,412	35,715	\$4.544	\$0.50	\$180,144.00
September	28,405	35,705	\$4.527	\$0.50	\$179,486.95
October	<u>75,475</u>	<u>94,872</u>	\$4.523	\$0.50	<u>\$476,541.22</u>
	132,292	166,291			\$836,172.16
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:					\$5.0284

DELTA NATURAL GAS COMPANY, INC.

P.S.C. No. 12, Twenty-fourth Revised Sheet No. 2
 Superseding P.S.C. No. 12, Twenty-third Revised Sheet No. 2

**CLASSIFICATION OF SERVICE – RATE SCHEDULES
 RESIDENTIAL**

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate	+	Gas Cost Recovery Rate (GCR) **	=	Total Rate	
Customer Charge *	\$ 20.90000				\$ 20.90000	
All Ccf ***	\$ 0.43185		\$ 0.92455		\$ 1.35640 /Ccf	(R)

* The customer charge includes \$0.20 collected under Delta's Energy Assistance Program Tariff Rider as set forth on Sheet No. 38 of this tariff.

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

*** Residential rates are also subject to the "Conservation/Efficiency Program Cost Recovery Component (CEPRC)" of .01501/Ccf. The CEPRC is an adjustment determined in accordance with the Conservation/Efficiency Program Cost Recovery as set forth on Sheets 39 – 42 of this tariff.

Residential rates are also subject to a Pipe Replacement Program charge of \$1.71, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

DATE OF ISSUE: June 20, 2014
 DATE EFFECTIVE: July 23, 2014 (Final Meter Reads)
 ISSUED BY: John B. Brown, Chief Financial Officer, Treasurer and Secretary

Issued by Authority of an Order of the Public Service Commission of KY in
 Case No. _____ dated _____

**CLASSIFICATION OF SERVICE – RATE SCHEDULES
LARGE NON-RESIDENTIAL***

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by large non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u>	+	Gas Cost Recovery Rate <u>(GCR) **</u>	=	<u>Total Rate</u>	
Customer Charge	\$ 131.00000				\$ 131.00000	
1 - 2,000 Ccf	\$ 0.43185		\$ 0.92455		\$ 1.35640 /Ccf	(R)
2,001 - 10,000 Ccf	\$ 0.26696		\$ 0.92455		\$ 1.19151 /Ccf	(R)
10,001 - 50,000 Ccf	\$ 0.18735		\$ 0.92455		\$ 1.11190 /Ccf	(R)
50,001 - 100,000 Ccf	\$ 0.14735		\$ 0.92455		\$ 1.07190 /Ccf	(R)
Over 100,000 Ccf	\$ 0.12735		\$ 0.92455		\$ 1.05190 /Ccf	(R)

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Large Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Large Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Large Non-Residential or Interruptible Service rate schedule.

* Meter larger than AL425

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

Large Non-Residential rates are also subject to a Pipe Replacement Program charge of \$25.10, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

DATE OF ISSUE: June 20, 2014

DATE EFFECTIVE: July 23, 2014 (Final Meter Reads)

ISSUED BY: John B. Brown, Chief Financial Officer, Treasurer and Secretary

**Issued by Authority of an Order of the Public Service Commission of KY in
Case No. _____ dated _____**

**CLASSIFICATION OF SERVICE – RATE SCHEDULES
INTERRUPTIBLE SERVICE**

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by interruptible customers.

CHARACTER OF SERVICE

Interruptible - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u>	+	Gas Cost Recovery Rate (GCR) **	=	<u>Total Rate</u>	
Customer Charge	\$ 250.00000				\$ 250.00000	
1 - 10,000 Ccf	\$ 0.16000		\$ 0.92455		\$ 1.08455 /Ccf	(R)
10,001 - 50,000 Ccf	\$ 0.12000		\$ 0.92455		\$ 1.04455 /Ccf	(R)
50,001 - 100,000 Ccf	\$ 0.08000		\$ 0.92455		\$ 1.00455 /Ccf	(R)
Over 100,000 Ccf	\$ 0.06000		\$ 0.92455		\$ 0.98455 /Ccf	(R)

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company.

Any customer required to enter into an Interruptible Agreement shall be permitted to purchase or transport gas under the Interruptible Rate Schedule as set forth on Sheet No. 5. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

Interruptible rates are also subject to a Pipe Replacement Program charge of \$155.76, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

DATE OF ISSUE: June 20, 2014
DATE EFFECTIVE: July 23, 2014 (Final Meter Reads)
ISSUED BY: John B. Brown, Chief Financial Officer, Treasurer and Secretary

Issued by Authority of an Order of the Public Service Commission of KY in
 Case No. _____ dated _____