

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING)
OF DELTA NATURAL GAS COMPANY, INC.) CASE NO. 2014-00208

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO DELTA NATURAL GAS COMPANY, INC.

Delta Natural Gas Company, Inc. ("Delta"), pursuant to 807 KAR 5:001, is to file with the Commission the original and five copies of the following information, with a copy to all parties of record. The information requested herein is due within seven days from the date of this request. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Delta shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests to which Delta fails or

refuses to furnish all or part of the requested information, Delta shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to the response to Item 1.b. of the Commission Staff's Initial Request for Information ("Staff's First Request").

a. Provide a breakdown of unbilled revenue; company use gas; imbalances; and heating content of gas supply in sufficient detail that the contribution of each to the approximately 2.5 million Mcf discrepancy between purchases and sales volumes for the 18-month period ended April 30, 2014, can be determined.

b. Confirm that imbalances on Delta's system that are generated by transportation customers are not reflected in any way in the gas cost paid by sales customers through Delta's Gas Cost Adjustment ("GCA") mechanism.

c. In Case No. 2010-00127,¹ Delta cited BTU conversion as one of the reasons why figures for purchases and deliveries to end-use customers might differ. In that case, the BTU factor of gas from Delta's then largest supplier, M&B Gas Services, was 1.035. In the instant proceeding, the BTU conversion factor of gas from Delta's largest supplier at present, Midwest Energy Services, is 1.257. Explain: (1) why the BTU factor for the current supplier is so much higher than that of the former supplier;

¹ Case No. 2010-00127, *Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc.*, Response to Commission Staff's Second Data Request (Ky. PSC May 14, 2010).

and (2) why Delta is acquiring gas from this particular supplier instead of the previous supplier.

d. Provide the gas purchase contract between Delta and Midwest Energy Services.

e. Confirm that off-system transportation of high-BTU locally produced gas on behalf of Delta's off-system transportation customers is not increasing the gas supply cost of sales customers.

e. Explain how Delta's residential meters measure gas usage (e.g., in Mcf, temperature-compensating, etc.).

f. Delta's tariff, Sheet 29, Section 27, Character of Service, states, "In accordance with 807 KAR 5:022, Section 16, the Company will normally supply natural gas having a heating value of approximately one thousand seventy (1,070) BTU per cubic foot and a specific gravity of approximately sixty-two hundredths (0.62). However, when necessary to supplement the supply of natural gas, the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquefied petroleum gas and air or a combination of same with natural gas." State whether Delta believes it is in compliance with its tariff and with 807 KAR 5:022, Section 16, considering the 1.257 and 1.200 BTU gas shown on Schedule II of its GCR application.

g. Explain what, if any, notifications have been sent to Delta's distribution customers who are burning the higher BTU gas before it can be physically transported to the interstate pipeline, and whether Delta has received customer questions or complaints regarding appliance burn-out due to the supply of higher BTU content of the gas.

2. Refer to the response to Item 2.b. of Staff's First Request. Confirm that the expense related to natural gas escaping through a ruptured wellhead at a storage facility was not included in gas supply cost through the GCA mechanism.

3. Refer to Schedule I, Actual Adjustment Summary Calculation in Delta's GCA application. Confirm that the Previous Quarter Actual Adjustment, which is set out as \$1.3684 per Mcf, should be \$1.3687 per Mcf as approved in Delta's last GCA application.



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

DATED **JUL 10 2014**

cc: Parties of Record