



DELTA NATURAL GAS COMPANY, INC.

3617 Lexington Road
Winchester, Kentucky 40391-9797

www.deltagas.com

PHONE: 859-744-6171

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December 18, 2014

RECEIVED

DEC 19 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 February 2015 which includes meters read on and after January 21, 2015.

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
Manager – Corporate & Employee Services



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Connie King
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GAS COST
RECOVERY RATE CALCULATION

Date Filed 12/18/2014

Date to be Effective 1/21/2015

GAS COST RECOVERY CALCULATION

COST RECOVERY RATE EFFECTIVE JANUARY 23, 2015		
PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	5.3282
SUPPLIER REFUND (RA)	\$/MCF	-
ACTUAL ADJUSTMENT (AA)	\$/MCF	1.8982
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.5393)
GAS COST RECOVERY RATE (GCR)	\$/MCF	<u>6.6871</u>

EXPECTED GAS COST SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
PRIMARY GAS SUPPLIERS (SCHEDULE II)	\$	5,972,628
UTILITY PRODUCTION	\$	-
INCLUDABLE PROPANE	\$	-
UNCOLLECTIBLE GAS COSTS	\$	<u>38,001</u>
	\$	6,010,629
TOTAL ESTIMATED SALES FOR QUARTER	MCF	<u>1,128,084</u>
EXPECTED GAS COST (EGC) RATE	\$/MCF	<u>5.3282</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	0.5339
PREVIOUS QUARTER	\$/MCF	0.1561
SECOND PREVIOUS QUARTER	\$/MCF	(0.1605)
THIRD PREVIOUS QUARTER	\$/MCF	<u>1.3687</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	<u>1.8982</u>

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE V)	\$/MCF	(0.0450)
PREVIOUS QUARTER	\$/MCF	(0.0019)
SECOND PREVIOUS QUARTER	\$/MCF	(0.3353)
THIRD PREVIOUS QUARTER	\$/MCF	<u>(0.1571)</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>(0.5393)</u>

**MCF PURCHASES FOR THREE MONTHS BEGINNING
February 1, 2015
AT SUPPLIERS COSTS EFFECTIVE
February 1, 2015**

Supplier	MCF Purchases	DTH Conv Factor	Rates (\$)	Quarterly Cost	Rate Increase (I)/ Reduction (R)
TENNESSEE GAS PIPELINE PIPELINE (SCH II, PAGE 2 OF 2)				\$736,884	
ATMOS ENERGY MARKETING COLUMBIA GAS TRANSMISSION PIPELINE (SCH II, PAGE 2 OF 2)	400,381	1.071	3.6403	1,560,971	R
ATMOS ENERGY MARKETING COLUMBIA GULF TRANSMISSION MIDWEST ENERGY SERVICES	181,757	1.075	3.6297	709,205	R
KENTUCKY PRODUCERS VINLAND STORAGE	90,957	1.217	3.9980	442,556	R
	22,443	1.200	3.6834	99,201	R
	<u>432,546</u>		<u>5.0639</u>	<u>2,190,370</u>	
TOTAL	<u>1,128,084</u>			<u>5,972,628</u>	
 COMPANY USAGE	 16,921				

**ESTIMATED UNCOLLECTIBLE GAS COSTS
FOR THE THREE MONTHS ENDED
April 30, 2015**

TWELVE MONTH AVERAGE % OF PURCHASED GAS TO RECORDED REVENUE	53.00%				
ESTIMATED BAD DEBT EXPENSE	\$71,700				I
% OF PURCHASED GAS TO BILLED REVENUE UNCOLLECTIBLE GAS COSTS	38,001				I

TENNESSEE GAS PIPELINE RATES EFFECTIVE 2/01/15

		DTH VOLUMES	FIXED OR VARIABLE		RATES	QUARTERLY COST
FT-G RESERVATION RATE - ZONE 0-2	1.	10,984	F	2.	\$16.098	\$176,824
FT-G RESERVATION RATE - ZONE 1-2	3.	29,540	F	4.	\$11.011	\$325,258
FT-G COMMODITY RATE - ZONE 0-2	5.	70,802	V	6.	\$0.0192	\$1,359
FT-G COMMODITY RATE - ZONE 1-2	7.	190,364	V	8.	\$0.0162	\$3,084
FT-A RESERVATION RATE - ZONE 0-2	9.	925	F	10.	\$16.098	\$14,893
FT-A RESERVATION RATE - ZONE 1-2	11.	3,968	F	12.	\$11.011	\$43,694
FT-A RESERVATION RATE - ZONE 3-2	13.	618	F	14.	\$5.758	\$3,559
FT-A COMMODITY RATE - ZONE 0-2	15.	28,140	V	16.	\$0.0192	\$540
FT-A COMMODITY RATE - ZONE 1-2	17.	120,702	V	18.	\$0.0162	\$1,955
FT-A COMMODITY RATE - ZONE 3-2	19.	18,800	V	20.	\$0.0041	\$77
FUEL & RETENTION - ZONE 0-2	21.	98,942	V	22.	\$0.0888	\$8,788
FUEL & RETENTION - ZONE 1-2	23.	311,066	V	24.	\$0.0757	\$23,553
FUEL & RETENTION - ZONE 3-2	25.	18,800	V	26.	\$0.0218	\$411
SUB-TOTAL						\$603,995
FS-PA DELIVERABILITY RATE	27.	6,000	F	28.	\$2.81	\$16,859
FS-PA INJECTION RATE	29.	61,269	V	30.	\$0.0073	\$447
FS-PA WITHDRAWAL RATE	31.	61,269	V	32.	\$0.0073	\$447
FS-PA SPACE RATE	33.	735,226	F	34.	\$0.0286	\$21,027
FS-PA RETENTION	35.	61,269	V	36.	\$0.0390	\$2,386
SUB-TOTAL						\$41,168
FS-MA DELIVERABILITY RATE	37.	33,998	F	38.	\$1.54	\$52,357
FS-MA INJECTION RATE	39.	127,166	V	40.	\$0.0087	\$1,106
FS-MA WITHDRAWAL RATE	41.	127,166	V	42.	\$0.0087	\$1,106
FS-MA SPACE RATE	43.	1,525,992	F	44.	\$0.0211	\$32,198
FS-MA RETENTION	45.	127,166	V	46.	\$0.0390	\$4,953
SUB-TOTAL						\$91,722
TOTAL TENNESSEE GAS PIPELINE CHARGES						<u>\$736,884</u>
COLUMBIA GAS TRANSMISSION RATES EFFECTIVE 2/01/15						
GTS COMMODITY RATE	47.	195,389	V	48.	\$0.7837	\$153,126
FUEL & RETENTION	49.	195,389	V	50.	\$0.1115	\$21,794
TOTAL COLUMBIA GAS TRANSMISSION CHARGES						<u>\$174,920</u>
COLUMBIA GULF CORPORATION RATES EFFECTIVE 2/01/15						
FTS-1 RESERVATION RATE	51.	13,134	F	52.	\$4.2917	\$56,367
FTS-1 COMMODITY RATE	53.	195,389	V	54.	\$0.0109	\$2,130
FUEL & RETENTION	55.	195,389	V	56.	\$0.0001	\$25
TOTAL COLUMBIA GULF CORPORATION CHARGES						<u>\$58,522</u>
TOTAL PIPELINE CHARGES						<u>\$970,325</u>

SUPPLIER REFUND ADJUSTMENT
 DETAIL FOR THE THREE MONTHS ENDED
 October 31, 2014

Particulars	Unit	Amount
SUPPLIERS REFUNDS RECEIVED (1)	\$	0
INTEREST FACTOR (2)		0.997830
REFUND ADJUSTMENT INCLUDING INTEREST	\$	0
SALES TWELVE MONTHS ENDED October 31, 2014	MCF	3,346,368
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	0.0000

(1) Suppliers Refunds Received	Date Received	Amount
		0.00

(2) Interest Factor			
RESULT OF PRESENT VALUE	0.0992310	-0.5 =	(0.400769)

ACTUAL ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
October 31, 2014

Particulars	Unit	For the Month Ended		
		Aug-14	Sep-14	Oct-14
SUPPLY VOLUME PER BOOKS				
PRIMARY GAS SUPPLIERS	MCF	142,585	155,295	254,283
UTILITY PRODUCTION	MCF	-	-	-
INCLUDABLE PROPANE	MCF	-	-	-
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>142,585</u>	<u>155,295</u>	<u>254,283</u>
SUPPLY COST PER BOOKS				
PRIMARY GAS SUPPLIERS	\$	678,518	833,992	1,425,369
UTILITY PRODUCTION	\$	-	-	-
INCLUDABLE PROPANE	\$	-	-	-
UNCOLLECTIBLE GAS COSTS	\$	-	(6,477)	-
OTHER COST (SPECIFY)	\$	-	-	-
TOTAL	\$	<u>678,518</u>	<u>827,515</u>	<u>1,425,369</u>
SALES VOLUME				
JURISDICTIONAL	MCF	50,927	49,117	58,805
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>50,927</u>	<u>49,117</u>	<u>58,805</u>
UNIT BOOK COST OF GAS				
EGC IN EFFECT FOR MONTH	\$	<u>7.2071</u>	<u>7.2071</u>	<u>7.2071</u>
RATE DIFFERENCE	\$	6.1162	9.6407	17.0318
MONTHLY SALES	MCF	<u>50,927</u>	<u>49,117</u>	<u>58,805</u>
MONTHLY COST DIFFERENCE	\$	<u>311,480</u>	<u>473,522</u>	<u>1,001,555</u>
				Three Month Period
				Period
COST DIFFERENCE FOR THE THREE MONTHS				
TWELVE MONTHS SALES FOR PERIOD ENDED	\$			1,786,557
CURRENT QUARTERLY ACTUAL ADJUSTMENT	MCF			<u>3,346,368</u>
	\$/MCF			0.5339

**EXPECTED GAS COST BALANCE ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
October 31, 2014**

Particulars	Unit	Amount
COST DIFFERENCE BETWEEN BOOK AND EFFECTIVE EGC AS USED TO COMPUTE AA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	1,174,877
LESS: DOLLAR AMOUNT RESULTING FROM THE AA OF 0.3846 \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL SALES OF 3,346,368 MCF FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE	\$	<u>1,287,013</u>
BALANCE ADJUSTMENT FOR THE AA	\$	<u>(112,136)</u>
DOLLAR AMOUNT OF SUPPLIER REFUND ADJUSTMENT AS USED TO COMPUTE RA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	-
LESS: DOLLAR AMOUNT RESULTING FROM THE UNIT RATE FOR SUPPLIER REFUND ADJUSTMENT OF 0.0000 \$/MCF AS USED TO COMPUTE RA OF THE JURISDICTIONAL SALES FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE FOR THE MCF TOTAL OF 3,346,368	\$	<u>-</u>
BALANCE ADJUSTMENT FOR THE RA	\$	<u>-</u>
DOLLAR AMOUNT OF BALANCE ADJUSTMENT AS USED TO COMPUTE BA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	402,432
LESS: SEE ATTACHED SCHEDULE VI	\$	<u>440,718</u>
BALANCE ADJUSTMENT FOR THE BA	\$	<u>(38,286)</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>(150,422)</u>
ESTIMATED ANNUAL SALES	MCF	<u>3,346,368</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>(0.0450)</u>

TGP SUPPLIED AREAS PURCHASE PROFILE:

12/11/2014

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
February 2015	186,916	200,187	\$3.764	(\$0.060)	\$741,492.46
March	141,446	151,488	\$3.719	(\$0.060)	\$554,295.12
April	<u>72,020</u>	<u>77,133</u>	\$3.498	(\$0.060)	<u>\$265,183.07</u>
	400,381	428,808			\$1,560,970.66
Fixed Price ____		0	\$0.000		\$0.00
Fixed Price ____		0	\$0.000		\$0.00
Total Dth		428,808			
WEIGHTED AVERAGE PRICE PER DTH:					<u><u>\$3.6403</u></u>

COLUMBIA SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
February 2015	85,609	92,030	\$3.764	(\$0.07)	\$339,959.42
March	62,855	67,569	\$3.719	(\$0.07)	\$246,559.19
April	<u>33,293</u>	<u>35,790</u>	\$3.498	(\$0.07)	<u>\$122,686.75</u>
	181,757	195,389			\$709,205.35
Fixed Price ____		0	\$0.000		\$0.00
Fixed Price ____		0	\$0.000		\$0.00
Total Dth		195,389			
WEIGHTED AVERAGE PRICE PER DTH:					<u><u>\$3.6297</u></u>

VINLAND SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
February 2015	8,867	10,640	\$3.764	0	\$40,050.47
March	8,159	9,791	\$3.719	0	\$36,411.99
April	<u>5,417</u>	<u>6,500</u>	\$3.498	0	<u>\$22,738.40</u>
	22,443	26,932			\$99,200.85
WEIGHTED AVERAGE PRICE PER DTH:					<u><u>\$3.6834</u></u>

COLUMBIA GULF SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
February 2015	0	0	\$3.764	\$0.50	\$0.00
March	0	0	\$3.719	\$0.50	\$0.00
April	<u>90,957</u>	<u>110,694</u>	\$3.498	\$0.50	<u>\$442,555.80</u>
	90,957	110,694			\$442,555.80
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:					<u><u>\$3.9980</u></u>

COMPUTATION OF VINLAND PRICE EFFECTIVE 2/01/15 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY 2015 THROUGH APRIL 2015

WEIGHTED AVERAGE PRICE W/ ADD-ON \$3.6834 per MMBtu dry

COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 2/01/15 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY 2015 THROUGH APRIL 2015 (TGP)

WEIGHTED AVERAGE PRICE W/ ADD-ON \$3.6403 per MMBtu dry

COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 2/01/15 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY 2015 THROUGH APRIL 2015 (TCO)

WEIGHTED AVERAGE PRICE W/ ADD-ON \$3.6297 per MMBtu dry

COMPUTATION OF MIDWEST ENERGY SERVICES PRICE EFFECTIVE 2/01/15 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY 2015 THROUGH APRIL 2015

WEIGHTED AVERAGE PRICE W/ ADD-ON \$3.9980 per MMBtu dry

**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

	<u>Base Rate</u>	+	Gas Cost Recovery Rate <u>(GCR) **</u>	=	<u>Total Rate</u>	
Customer Charge *	\$ 20.90000				\$ 20.90000	
All Ccf ***	\$ 0.43185		\$ 0.66871		\$ 1.10056 /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: December 18, 2014

DATE EFFECTIVE: January 21, 2015 (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.**