



Delta Natural Gas Company, Inc.

3617 Lexington Road
Winchester, Kentucky 40391-9797

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RECEIVED



MAR 28 2016

Public Service
Commission

March 23, 2016

Mr. Aaron Greenwell
Deputy Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

Case No. 2016-00130

Dear Mr. Greenwell:

Enclosed are the original and ten copies of Delta's Quarterly Report of Gas Cost Recovery Rate Calculation which determines the Gas Cost Recovery (GCR) to be effective with the first billing cycle of May 2016 which includes meters read on and after April 25, 2016.

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

Please acknowledge receipt of this filing.

Sincerely,

A handwritten signature in black ink that reads "Jenny Lowery Croft".

Jenny Lowery Croft
Manager -Employee & Regulatory Services

DELTA NATURAL GAS COMPANY, INC.

SCHEDULE 1 **RECEIVE**

GAS COST RECOVERY CALCULATION

MAR 28 2016

Public Service
Commission

COST RECOVERY RATE EFFECTIVE APRIL 25, 2016		
PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	4.7503
SUPPLIER REFUND (RA)	\$/MCF	-
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.2739
BALANCE ADJUSTMENT (BA)	\$/MCF	0.0334
GAS COST RECOVERY RATE (GCR)	\$/MCF	5.0576

EXPECTED GAS COST SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
PRIMARY GAS SUPPLIERS (SCHEDULE II)	\$	802,595
UTILITY PRODUCTION	\$	-
INCLUDABLE PROPANE	\$	-
UNCOLLECTIBLE GAS COSTS	\$	9,960
	\$	812,555
TOTAL ESTIMATED SALES FOR QUARTER	MCF	171,053
EXPECTED GAS COST (EGC) RATE	\$/MCF	4.7503

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	-

ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE IV)	\$/MCF	0.8335
PREVIOUS QUARTER	\$/MCF	0.3639
SECOND PREVIOUS QUARTER	\$/MCF	(0.0471)
THIRD PREVIOUS QUARTER	\$/MCF	(0.8764)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.2739

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE V)	\$/MCF	0.0741
PREVIOUS QUARTER	\$/MCF	0.0040
SECOND PREVIOUS QUARTER	\$/MCF	(0.0157)
THIRD PREVIOUS QUARTER	\$/MCF	(0.0290)
BALANCE ADJUSTMENT (BA)	\$/MCF	0.0334

MCF PURCHASES FOR THREE MONTHS BEGINNING
May 1, 2016
AT SUPPLIERS COSTS EFFECTIVE
May 1, 2016

Supplier	MCF Purchases	DTH Conv Factor	Rates (\$)	Quarterly Cost	Rate Increase (I)/ Reduction (R)
TENNESSEE GAS PIPELINE PIPELINE (SCH II, PAGE 2 OF 2)				\$273,746	
ATMOS ENERGY MARKETING COLUMBIA GAS TRANSMISSION PIPELINE (SCH II, PAGE 2 OF 2)	58,341	1.065	1.9657	122,132	R
ATMOS ENERGY MARKETING COLUMBIA GULF TRANSMISSION MIDWEST ENERGY SERVICES	25,176	1.106	1.9476	\$80,774 54,230	R
KENTUCKY PRODUCERS VINLAND	84,135	1.237	2.5330	263,621	R
STORAGE	3,401	1.200	1.9829	8,092	R
TOTAL	<u>171,053</u>		0.0000	<u>802,595</u>	
COMPANY USAGE	2,566				

ESTIMATED UNCOLLECTIBLE GAS COSTS
FOR THE THREE MONTHS ENDED
July 31, 2016

TWELVE MONTH AVERAGE % OF PURCHASED GAS TO RECORDED REVENUE	40.00%				
ESTIMATED BAD DEBT EXPENSE	\$24,900				R
% OF PURCHASED GAS TO BILLED REVENUE UNCOLLECTIBLE GAS COSTS	9,960				R

SUPPLIER REFUND ADJUSTMENT
 DETAIL FOR THE THREE MONTHS ENDED
 January 31, 2016

Particulars	Unit	Amount
SUPPLIERS REFUNDS RECEIVED (1)	\$	0
INTEREST FACTOR (2)		0.998313
REFUND ADJUSTMENT INCLUDING INTEREST	\$	0
SALES TWELVE MONTHS ENDED January 31, 2016	MCF	2,906,000
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	0.0000

(1) Suppliers Refunds Received	Date Received	Amount
Total		0.00

(2) Interest Factor			
RESULT OF PRESENT VALUE	0.1884620	-0.5 =	(0.311538)

ACTUAL ADJUSTMENT
 DETAIL FOR THE THREE MONTHS ENDED
 January 31, 2016

Particulars	Unit	For the Month Ended		
		Nov-15	Dec-15	Jan-16
SUPPLY VOLUME PER BOOKS				
PRIMARY GAS SUPPLIERS	MCF	348,032	393,152	725,864
UTILITY PRODUCTION	MCF	-	-	-
INCLUDABLE PROPANE	MCF	-	-	-
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>348,032</u>	<u>393,152</u>	<u>725,864</u>
SUPPLY COST PER BOOKS				
PRIMARY GAS SUPPLIERS	\$	988,619	1,463,238	2,420,358
UTILITY PRODUCTION	\$	-	-	-
INCLUDABLE PROPANE	\$	-	-	-
UNCOLLECTIBLE GAS COSTS	\$	4,593	(781)	21,838
OTHER COST (SPECIFY)	\$	-	-	-
TOTAL	\$	<u>993,212</u>	<u>1,462,457</u>	<u>2,442,196</u>
SALES VOLUME				
JURISDICTIONAL	MCF	119,211	217,903	281,241
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>119,211</u>	<u>217,903</u>	<u>281,241</u>
UNIT BOOK COST OF GAS				
EGC IN EFFECT FOR MONTH	\$	8.3315	6.7115	8.6836
RATE DIFFERENCE	\$	4.0037	4.0037	4.0037
MONTHLY SALES	MCF	119,211	217,903	281,241
MONTHLY COST DIFFERENCE	\$	<u>515,921</u>	<u>590,038</u>	<u>1,316,180</u>
				Three Month Period
COST DIFFERENCE FOR THE THREE MONTHS				\$ 2,422,139
TWELVE MONTHS SALES FOR PERIOD ENDED				MCF <u>2,906,000</u>
CURRENT QUARTERLY ACTUAL ADJUSTMENT				\$/MCF 0.8335

DELTA NATURAL GAS COMPANY, INC.

SCHEDULE V

**EXPECTED GAS COST BALANCE ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
January 31, 2016**

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	\$	1,786,557
LESS: DOLLAR AMOUNT RESULTING FROM THE AA OF 0.5339 \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL SALES OF 2,906,000 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>1,551,513</u>
BALANCE ADJUSTMENT FOR THE AA	\$	<u>235,044</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 2,906,000	\$	<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	\$	(150,422)
LESS: SEE ATTACHED SCHEDULE VI	\$	<u>(130,771)</u>
BALANCE ADJUSTMENT FOR THE BA	\$	<u>(19,651)</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>215,393</u>
ESTIMATED ANNUAL SALES	MCF	<u>2,906,000</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>0.0741</u>

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		\$ 0.50576		\$ 0.93761 /Ccf	(1)

* 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 .01508/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 \$2.21, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

DATE OF ISSUE: March 23, 2016
 DATE EFFECTIVE: April 25, 2016 (Final Meter Reads)
 ISSUED BY: John B. Brown, Chief Operating Officer, Treasurer and Secretary

Issued by Authority of an Order of the Public Service Commission of KY in
 Case No. 2016-_____ dated _____, 2016

CLASSIFICATION OF SERVICE – RATE SCHEDULES
 SMALL NON-RESIDENTIAL*

APPLICABILITY

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

AVAILABILITY

Available for use by small non-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 *	\$ 31.20000				\$ 31.20000
All Ccf ***	\$ 0.43185		\$ 0.50576		\$ 0.93761 /Ccf

(1)

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 Small Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Small Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Small Non-Residential or Interruptible Service rate schedule.

* Meter no 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.

Small Non-Residential rates are also subject to a Pipe Replacement Program charge of \$4.19 as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

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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 (GCR) **	=	<u>Total Rate</u>	
Customer Charge	\$ 131.00000				\$ 131.00000	
1 - 2,000 Ccf	\$ 0.43185		\$ 0.50576		\$ 0.93761 /Ccf	(l)
2,001 - 10,000 Ccf	\$ 0.26696		\$ 0.50576		\$ 0.77272 /Ccf	(l)
10,001 - 50,000 Ccf	\$ 0.18735		\$ 0.50576		\$ 0.69311 /Ccf	(l)
50,001 - 100,000 Ccf	\$ 0.14735		\$ 0.50576		\$ 0.65311 /Ccf	(l)
Over 100,000 Ccf	\$ 0.12735		\$ 0.50576		\$ 0.63311 /Ccf	(l)

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 \$31.97, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

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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

	Base Rate	+	Gas Cost Recovery Rate (GCR) **	=	Total Rate	
Customer Charge	\$ 250.00000				\$ 250.00000	
1 - 10,000 Ccf	\$ 0.16000		\$ 0.50576		\$ 0.66576 /Ccf	(I)
10,001 - 50,000 Ccf	\$ 0.12000		\$ 0.50576		\$ 0.62576 /Ccf	(I)
50,001 - 100,000 Ccf	\$ 0.08000		\$ 0.50576		\$ 0.58576 /Ccf	(I)
Over 100,000 Ccf	\$ 0.06000		\$ 0.50576		\$ 0.56576 /Ccf	(I)

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. In order to provide a fair opportunity to compete with other motor fuels, the customer charge and Pipe Replacement Program charge may be waived by Delta at its sole discretion for compressed natural gas fueling station customers.

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 \$229.44, 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.

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