

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING) CASE NO.
OF DELTA NATURAL GAS COMPANY, INC.) 2018-00213

ORDER

On October 21, 2010, in Case No. 2010-00116,¹ the Commission approved rates for Delta Natural Gas Company, Inc. (“Delta”) and provided for their further adjustment in accordance with Delta’s Gas Cost Adjustment clause.

On June 25, 2018, Delta filed its proposed Gas Cost Recovery (“GCR”) application to be effective July 25, 2018.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Delta’s notice includes revised rates designed to pass on to its customers its expected change in gas costs.
2. Delta’s notice sets out an Expected Gas Cost (“EGC”) of \$5.2669 per Mcf, which is a decrease of \$.0447 per Mcf from the previous EGC of \$5.3116 per Mcf.
3. Delta’s notice sets out no Refund Adjustment.
4. Delta’s notice sets out a current quarter Actual Adjustment (“AA”) of (\$.3183) per Mcf. Delta’s total AA is \$1.1887 per Mcf, which is an increase of \$.0091 per Mcf from the previous total AA of \$1.1796 per Mcf.

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

5. Delta's notice sets out a current quarter Balance Adjustment ("BA") of (\$.0217) per Mcf. Delta's total BA is (\$.0485) per Mcf, which is a decrease of \$.1248 per Mcf from the previous BA of \$.0763 per Mcf.

6. Delta's GCR rate is \$6.4071 per Mcf, which is a decrease of \$.1604 per Mcf from the previous GCR rate of \$6.5675 per Mcf.

7. The rates as proposed by Delta and set forth in the Appendix to this Order are fair, just, and reasonable and should be approved for final meter readings by Delta on and after July 25, 2018.

8. Delta's future GCA applications should include an electronic version containing the supporting calculations used to compute the GCA in Excel spreadsheet format with all formulas intact and unprotected, and with all columns and rows accessible.

9. The Commission last reviewed the natural gas procurement practices of the five largest jurisdictional Local Distribution Companies ("LDC") through a focused audit performed by Liberty Consulting Group as a result of Administrative Case No. 384.² The Commission finds that sufficient time has elapsed since the consultant's report was issued that it is reasonable to require the LDCs to provide updated information concerning their gas procurement activities and their efforts to ensure they are maximizing the opportunity to pass along gas cost savings to their customers, consistent with security of supply, during this time of plentiful and low-cost gas supplies. The Commission further finds that Delta is to file with the Commission the original, six copies in paper medium and an electronic version of the responses to the requests for information set forth in Appendix

² Administrative Case No. 384, *An Investigation of Increasing Wholesale Natural Gas Prices and the Impacts of Such Increases on the Retail Customers Served by Kentucky's Jurisdictional Natural Gas Distribution Companies* (Ky. PSC July 17, 2001).

B to this Order when it files its next GCA Application on or about October 1, 2018, for rates effective for the November 2018 billing cycle.

a. Responses to requests for information shall include the name of the witness responsible for responding to questions related to the information provided. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, be accompanied by a signed certification of the preparer or 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.

c. 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.

d. For any request 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.

e. Careful attention should 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.

f. When filing a paper containing personal information Delta shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that the personal information cannot be read.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Delta and set forth in the Appendix to this Order are approved for final meter readings on and after July 25, 2018.

2. Delta shall file responses to the requests for information in Appendix B with its GCA application for rates effective with the November 2018 billing cycle.

3. Within 20 days of the date of entry 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.

4. Delta's future GCA applications shall include the information required in finding paragraph 8.

5. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

Case No. 2018-00213

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00213 DATED **JUL 05 2018**

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 this Commission prior to the effective date of this Order.

RATE SCHEDULES

AVAILABILITY

Available for general use by residential, commercial, and industrial customers.

RATES

	<u>Base Rate</u>	plus	Gas Cost Recovery <u>Rate</u>	equals	<u>Total Rate</u>
Residential					
Monthly Service Charge *	\$ 20.90				
All Ccf	\$.43185		\$.64071		\$ 1.07256

Residential rates are also subject to the Conservation/Efficiency Program Cost Recovery Component (CEPRC) of \$.01873 per Ccf.

* 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.

Small Non-Residential

Monthly Service Charge	\$ 31.20				
All Ccf	\$.43185		\$.64071		\$ 1.07256

Large Non-Residential

Monthly Service Charge	\$ 131.00				
First 1-2,000 Ccf	\$.43185		\$.64071		\$ 1.07256

Next	2,001–10,000 Ccf	.26696	.64071	.90767
Next	10,001–50,000 Ccf	.18735	.64071	.82806
Next	50,001–100,000 Ccf	.14735	.64071	.78806
Over	100,000 Ccf	.12735	.64071	.76806

Interruptible

Monthly Service Charge	\$ 250.00		
First	1–10,000 Ccf	\$.16000	\$.80071
Next	10,001–50,000 Ccf	.12000	.76071
Next	50,001–100,000 Ccf	.08000	.72071
Over	100,000 Ccf	.06000	.70071

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00213 DATED **JUL 05 2018**

1. Provide copies of all interstate pipeline transportation and storage contracts and tariffs utilized during the most recent year. Provide a comparison of the terms of these transportation arrangements with those that were utilized during the five previous calendar years. Explain all efforts to ensure that interstate pipeline transportation costs were and are as low as possible.
2. Provide copies of all current contracts for commodity supply. Provide a comparison of the terms of these commodity supply arrangements with those that were utilized during the five previous calendar years. Explain all efforts to ensure that commodity gas supply costs are/were the lowest possible cost, consistent with security of supply.
3. Provide gas supply and capacity contract summaries showing significant contract terms, daily/monthly/annual entitlements, and pricing. Identify any capacity changes (renegotiated and expired agreements, de-contracting, assignment, or long-term release) that took place during the most recent year.
4. Provide Delta's storage arrangements; state the maximum daily injection and withdrawal rates and the decline in deliverability that occurs as gas is withdrawn.
5. Provide the capacity of any peaking arrangements.
6. Provide a copy of any written procedures in use by Delta for nominations and dispatching.

7. If Delta has utilized gas marketing/trading organizations to obtain gas supplies over the last five years, indicate which organizations were so employed, gas volumes purchased, prices, terms, and current contractual arrangements between Delta and these marketing firms.

8. Provide a summary of the bidding/Request for Proposal process for gas supply for the last five years, providing the original bid documents, a listing of the suppliers that were contacted, the responses to the request for bid, the evaluation process that led to the selection of a supplier, and any written procedures that exist for this activity.

9. Provide a copy of Delta's most recent gas supply plan and a written description of its gas supply planning process.

10. Provide a narrative description of any supply-planning computer models currently being used by Delta, or being considered for future use.

11. Provide organization charts of the overall corporate organization and of the gas planning, gas purchasing, and gas operations functions. Describe any changes that have occurred in the corporate, gas planning and purchasing, and gas operations organizations in the last five years, and any changes that are underway or contemplated within the next five years.

12. Provide job descriptions of the personnel working in the gas planning, gas purchasing, and gas operations functions.

13. Provide copies of reports or internal audits or reviews of any aspect of the supply function conducted within the last five years. Include reports prepared by Delta and outside auditors.

14. Provide a copy of Delta's strategic plan with primary emphasis on gas procurement, transmission, delivery, expansion and inclusive of any significant related capital expenditures.

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