



DELTA NATURAL GAS COMPANY, INC.

3617 Lexington Road
Winchester, Kentucky 40391-9797

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February 28, 2019

Ms. Gwen R. Pinson
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

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Dear Ms. Pinson:

Enclosed are the original and ten copies of Delta's Annual Pipe Replacement Program rate filing which determines the Pipe Replacement Program rate to be effective May 1, 2019. Also included with the filing are responses to the information requested in the order dated August 21, 2018 in case number 2018-00086.

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

Sincerely,

Jenny Lowery Croft
Manager –Employee & Regulatory Services

Delta Natural Gas Company, Inc.
 Pipe Replacement Program Filing
 Program Year Ended: December 31, 2018
 Rates Effective: May 1, 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
1 Total annual expenditures under the PRP (Schedule II)	\$ 1,574,788	\$ 1,730,104	\$ 3,796,271	\$ 2,961,542	\$ 1,843,366	\$ 1,758,827	\$ 3,190,348	\$ 2,479,950	\$ 3,889,747	
2 Less:										
3 Accumulated depreciation	(251,965)	(298,275)	(590,375)	(375,051)	(234,837)	(153,023)	(213,301)	(100,081)	(51,294)	
4 Accumulated deferred income taxes	(488,515)	(543,522)	(1,199,554)	(981,831)	(610,539)	(588,201)	(1,089,856)	(884,130)	(790,774)	
5 Net PRP Rate Base, as of December 31, 2018	834,308	888,307	2,006,342	1,604,660	997,990	1,017,603	1,887,191	1,495,739	3,047,679	
6 WACOC, per case no 2010-00116	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	
7 Allowed Return	66,496	70,800	159,910	127,895	79,542	81,106	150,414	119,214	242,908	
8 Tax expansion factor, w PSC (per Case No. 2010-00116)	1.60658	1.60658	1.60658	1.60658	1.60658	1.60658	1.60658	1.60658	1.33245	
9 Return, grossed up for income taxes	\$ 106,831	\$ 113,746	\$ 256,909	\$ 205,474	\$ 127,791	\$ 130,303	\$ 241,652	\$ 191,527	\$ 323,663	\$ 1,697,896
10 Cost of Service Items (Schedule III)										\$ 920,293
12 Current Year PRP Adjustment										\$ 2,618,189
13 Balancing Adjustment										
14 Prior Year PRP Adjustment										2,181,023
15 Less: Actual Collections of Prior Year PRP Adjustment May 2018 through February 2019										(1,695,594)
16 Less: Estimated Collections March 2019 and April 2019										(365,086) A
17 Total PRP Adjustment										\$ 2,738,532

	Calculated Net Revenue @ Approved Rates per Case No. 2010-00116	Class Allocation	Allocated PRP Adjustment	# of Customers for the 12 months ended October 31, 2018	Monthly PRP Rate
18 Residential	\$ 14,846,218	54.3%	\$ 1,487,641	357,183	\$ 4.16
19 Small Non-Residential	3,991,286	14.6%	399,940	50,146	\$ 7.98
18 Large Non-Residential	7,008,122	25.6%	702,237	11,926	\$ 58.88
19 Interruptible	1,484,119	5.4%	148,714	342	\$ 434.84
20	\$ 27,329,745	100.0%	\$ 2,738,532	419,597	

A Based on average monthly PRP billings for the six-months ended February 2019.

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Calendar Year 2010
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2010 Investment	Book Depr Year 9	Depreciation		Ending			
			Beginning	Expense				
1 Distribution Mains	816,750	3.10%	(189,893)	(25,319)	(215,212)	601,538	0.01%	\$ (82)
2 Transmission Mains	23,974	2.33%	(4,192)	(559)	(4,751)	19,223	0.02%	(5)
3 Services	118,268	2.69%	(23,858)	(3,181)	(27,039)	91,229	0.42%	(497)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	615,796	various	(4,379)	(584)	(4,963)	610,833	0.00%	-
	1,574,788		(222,322)	(29,643)	(251,965)	1,322,823		\$ (584)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR 9	Tax Depreciation Reserve				Tax Net Book Value		
								Tax Life	Beginning	Tax Expense	Bonus Depr		MACRS Depr	Ending
7 Distribution Mains	816,750	94.5%	(771,829)	44,921	(22,461)	22,461	15	5.905%	(807,812)	-	-	(1,326)	(809,138)	7,612
8 Transmission Mains	23,974	100.0%	(23,974)	-	-	-	15	5.905%	(23,974)	-	-	-	(23,974)	-
9 Services	118,268	0.0%	-	118,268	(59,134)	59,134	20	4.462%	(87,340)	-	-	(2,639)	(89,979)	28,289
10 Gathering Lines	-	0.0%	-	-	-	-	7	0.000%	-	-	-	-	-	-
11 Storage Lines	-	0.0%	-	-	-	-	15	5.905%	-	-	-	-	-	-
12 Cost of Removal	615,796	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA
	1,574,788		(795,803)	163,189	(81,595)	81,595			(919,126)	-	-	(3,965)	(923,091)	35,901

	Net Book Value		Cumulative		
	Book	Tax	Timing Difference	Statutory Rate	Deferred Income Taxes
13 Distribution Mains	601,538	7,612	(593,926)	37.96%	(225,454)
14 Transmission Mains	19,223	-	(19,223)	37.96%	(7,297)
15 Services	91,229	28,289	(62,940)	37.96%	(23,892)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	610,833	NA	(610,833)	37.96%	(231,872)
	1,322,823	35,901	(1,286,922)		(488,515)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2011
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2011 Investment	Book Depr Year 8	A					
			Beginning	Expense	Ending			
1 Distribution Mains	828,951	3.10%	(167,031)	(25,697)	(192,728)	636,223	0.01%	\$ (83)
2 Transmission Mains	88,312	2.33%	(13,377)	(2,058)	(15,435)	72,877	0.02%	(18)
3 Services	383,075	2.69%	(66,982)	(10,305)	(77,287)	305,788	0.42%	(1,609)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	429,766	various	(11,115)	(1,710)	(12,825)	416,941	0.00%	-
	1,730,104		(258,505)	(39,770)	(298,275)	1,431,829		\$ (1,710)

	Qualifying Tax		Tax Expense	Tax Additions	100% Bonus Depreciation	Depreciable Base	MACRS YEAR	Tax Depreciation Reserve				Tax Net Book Value							
	Book Investment	Expense Percentage						Tax Expense	Tax Additions	100% Bonus Depreciation	Depreciable Base		Tax Life	B	Beginning	Tax Expense	Bonus Depr	MACRS Depr	Ending
7 Distribution Mains	828,951	71.0%	(588,555)	240,396	(240,396)	-	15	5.905%	(828,951)	-	-	-	(828,951)	-					
8 Transmission Mains	88,312	94.0%	(82,981)	5,331	(5,331)	-	15	5.905%	(88,312)	-	-	-	(88,312)	-					
9 Services	383,075	100.0%	(383,075)	-	-	-	20	4.522%	(383,075)	-	-	-	(383,075)	-					
10 Gathering Lines	-	0.0%	-	-	-	-	7	4.462%	-	-	-	-	-	-					
11 Storage Lines	-	0.0%	-	-	-	-	15	5.905%	-	-	-	-	-	-					
12 Cost of Removal	429,766	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA					
	1,730,104		(1,054,611)	245,727	(245,727)	-			(1,300,338)	-	-	-	(1,300,338)	-					

	Net Book Value		Cumulative		
	Book	Tax	Timing Difference	Statutory Rate	Deferred Income Taxes
13 Distribution Mains	636,223	-	(636,223)	37.96%	(241,510)
14 Transmission Mains	72,877	-	(72,877)	37.96%	(27,664)
15 Services	305,788	-	(305,788)	37.96%	(116,077)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	416,941	NA	(416,941)	37.96%	(158,271)
	1,431,829	-	(1,431,829)		(543,522)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2012
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2012 Investment	Book Depr Year 7	A					
			Beginning	Expense	Ending			
1 Distribution Mains	2,164,531	3.10%	(369,050)	(67,100)	(436,150)	1,728,381	0.01%	\$ (216)
2 Transmission Mains	31,604	2.33%	(4,048)	(736)	(4,784)	26,820	0.02%	(6)
3 Services	732,128	2.69%	(108,317)	(19,694)	(128,011)	604,117	0.42%	(3,075)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	868,008	various	(18,133)	(3,297)	(21,430)	846,578	0.00%	-
	3,796,271		(499,548)	(90,827)	(590,375)	3,205,896		\$ (3,297)

	Book Investment	Qualifying Tax		Tax Expense	Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR	Tax Depreciation Reserve					Tax Net Book Value					
		Expense Percentage	Tax Expense						Tax Additions	50% Bonus Depreciation	Depreciable Base	Tax Life	7		Beginning	Tax Expense	Bonus Depr	MACRS Depr	Ending
7 Distribution Mains	2,164,531	93.0%	(2,013,014)	151,517	(75,759)	75,758	15	5.905%	(2,122,033)	-	-	(4,474)	(2,126,507)	38,024					
8 Transmission Mains	31,604	1.3%	(416)	31,188	(15,594)	15,594	15	5.905%	(22,856)	-	-	(921)	(23,777)	7,827					
9 Services	732,128	100.0%	(732,128)	-	-	-	20	4.888%	(732,128)	-	-	-	(732,128)	-					
10 Gathering Lines	-	0.0%	-	-	-	-	7	8.925%	-	-	-	-	-	-					
11 Storage Lines	-	0.0%	-	-	-	-	15	5.905%	-	-	-	-	-	-					
12 Cost of Removal	868,008	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA					
	3,796,271		(2,745,558)	182,705	(91,353)	91,352			(2,877,017)	-	-	(5,395)	(2,882,412)	45,851					

	Net Book Value		Cumulative		
	Book	Tax	Timing Difference	Statutory Rate	Deferred Income Taxes
13 Distribution Mains	1,728,381	38,024	(1,690,357)	37.96%	(641,660)
14 Transmission Mains	26,820	7,827	(18,993)	37.96%	(7,210)
15 Services	604,117	-	(604,117)	37.96%	(229,323)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	846,578	NA	(846,578)	37.96%	(321,361)
	3,205,896	45,851	(3,160,045)		(1,199,554)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2013
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2013 Investment	Book Depr Year 6	A					
			Beginning	Expense	Ending			
1 Distribution Mains	1,672,265	3.10%	(233,280)	(51,840)	(285,120)	1,387,145	0.01%	\$ (167)
2 Transmission Mains	-	2.33%	-	-	-	-	0.02%	-
3 Services	520,370	2.69%	(62,991)	(13,998)	(76,989)	443,381	0.42%	(2,186)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	768,907	various	(10,589)	(2,353)	(12,942)	755,965	0.00%	-
	2,961,542		(306,860)	(68,191)	(375,051)	2,586,491		\$ (2,353)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR 6	Tax Depreciation Reserve					Tax Net Book Value		
								Tax Life	6	Beginning	Tax Expense	Bonus Depr		MACRS Depr	Ending
7 Distribution Mains	1,672,265	100.0%	(1,672,265)	-	-	-	15	6.233%	(1,672,265)	-	-	-	(1,672,265)	-	
8 Transmission Mains	-	0.0%	-	-	-	-	15	6.233%	-	-	-	-	-	-	
9 Services	520,370	100.0%	(520,370)	-	-	-	20	5.285%	(520,370)	-	-	-	(520,370)	-	
10 Gathering Lines	-	0.0%	-	-	-	-	7	8.925%	-	-	-	-	-	-	
11 Storage Lines	-	0.0%	-	-	-	-	15	6.233%	-	-	-	-	-	-	
12 Cost of Removal	768,907	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA	
	2,961,542		(2,192,635)	-	-	-			(2,192,635)	-	-	-	(2,192,635)	-	

	Net Book Value		Cumulative		
	Book	Tax	Timing Difference	Statutory Rate	Deferred Income Taxes
13 Distribution Mains	1,387,145	-	(1,387,145)	37.96%	(526,560)
14 Transmission Mains	-	-	-	37.96%	-
15 Services	443,381	-	(443,381)	37.96%	(168,307)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	755,965	NA	(755,965)	37.96%	(286,964)
	2,586,491	-	(2,586,491)		(981,831)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2014
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2014 Investment	Book Depr Year	A					
			Beginning	Expense	Ending			
1 Distribution Mains	1,281,613	3.10%	(139,055)	(39,730)	(178,785)	1,102,828	0.01%	\$ (128)
2 Transmission Mains	500	2.33%	(42)	(12)	(54)	446	0.02%	-
3 Services	396,014	2.69%	(37,285)	(10,653)	(47,938)	348,076	0.42%	(1,663)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	165,239	various	(6,269)	(1,791)	(8,060)	157,179	0.00%	-
	1,843,366		(182,651)	(52,186)	(234,837)	1,608,529		\$ (1,791)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR	Tax Depreciation Reserve					Tax Net Book Value		
								Tax Life	5	Beginning	Tax Expense	Bonus Depr		MACRS Depr	Ending
7 Distribution Mains	1,281,613	100.0%	(1,281,613)	-	-	-	15	6.925%	(1,281,613)	-	-	-	(1,281,613)	-	
8 Transmission Mains	500	0.0%	-	500	(250)	250	15	6.925%	(327)	-	-	(17)	(344)	156	
9 Services	396,014	100.0%	(396,014)	-	-	-	20	5.713%	(396,014)	-	-	-	(396,014)	-	
10 Gathering Lines	-	0.0%	-	-	-	-	7	8.925%	-	-	-	-	-	-	
11 Storage Lines	-	0.0%	-	-	-	-	15	6.925%	-	-	-	-	-	-	
12 Cost of Removal	165,239	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA	
	1,843,366		(1,677,627)	500	(250)	250			(1,677,954)	-	-	(17)	(1,677,971)	156	

	Net Book Value		Cumulative Timing Difference	Statutory Rate	Deferred Income Taxes
	Book	Tax			
	13 Distribution Mains	1,102,828	-	(1,102,828)	37.96%
14 Transmission Mains	446	156	(290)	37.96%	(110)
15 Services	348,076	-	(348,076)	37.96%	(132,130)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	157,179	NA	(157,179)	37.96%	(59,665)
	1,608,529	156	(1,608,373)		(610,539)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2015
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2015 Investment	Book Depr Year 4	Beginning	Depreciation Expense	Ending			
1 Distribution Mains	1,201,977	3.10%	(93,153)	(37,261)	(130,414)	1,071,563	0.01%	\$ (120)
2 Transmission Mains	87,414	2.33%	(5,092)	(2,037)	(7,129)	80,285	0.02%	(17)
3 Services	137,797	2.69%	(9,267)	(3,707)	(12,974)	124,823	0.42%	(579)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	331,639	various	(1,790)	(716)	(2,506)	329,133	0.00%	-
	1,758,827		(109,302)	(43,721)	(153,023)	1,605,804		\$ (716)

	Book Investment	Qualifying Tax Expense		Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR 4	Tax Depreciation Reserve				Tax Net Book Value	
		Percentage	Tax Expense					Tax Expense	Bonus Depr	MACRS Depr	MACRS Ending		
7 Distribution Mains	1,201,977	91.9%	(1,104,617)	97,360	(48,680)	48,680	15	7.695%	(1,164,518)	-	(3,746)	(1,168,264)	33,713
8 Transmission Mains	87,414	25.5%	(22,254)	65,160	(32,580)	32,580	15	7.695%	(62,344)	-	(2,507)	(64,851)	22,563
9 Services	137,797	100.0%	(137,797)	-	-	-	20	6.177%	(137,797)	-	-	(137,797)	-
10 Gathering Lines	-	0.0%	-	-	-	-	7	12.495%	-	-	-	-	-
11 Storage Lines	-	0.0%	-	-	-	-	15	7.695%	-	-	-	-	-
12 Cost of Removal	331,639	NA	-	-	-	-	NA	NA	-	-	-	-	NA
	1,758,827		(1,264,668)	162,520	(81,260)	81,260			(1,364,659)	-	(6,253)	(1,370,912)	56,276

	Net Book Value		Cumulative		
	Book	Tax	Timing Difference	Statutory Rate	Deferred Income Taxes
13 Distribution Mains	1,071,563	33,713	(1,037,850)	37.96%	(393,968)
14 Transmission Mains	80,285	22,563	(57,722)	37.96%	(21,911)
15 Services	124,823	-	(124,823)	37.96%	(47,383)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	329,133	NA	(329,133)	37.96%	(124,939)
	1,605,804	56,276	(1,549,528)		(588,201)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2016
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2016 Investment	Book Depr Year 3	Depreciation					
			Beginning	Expense	Ending			
1 Distribution Mains	2,328,216	3.10%	(108,262)	(72,175)	(180,437)	2,147,779	0.01%	\$ (233)
2 Transmission Mains	219,764	2.33%	(7,681)	(5,121)	(12,802)	206,962	0.02%	(44)
3 Services	249,152	2.69%	(10,053)	(6,702)	(16,755)	232,397	0.42%	(1,046)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	393,216	various	(1,984)	(1,323)	(3,307)	389,909	0.00%	-
	3,190,348		(127,980)	(85,321)	(213,301)	2,977,047		\$ (1,323)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR Tax Life	Tax Depreciation Reserve					Tax Net Book Value	
								3	Beginning	Tax Expense	Bonus Depr	MACRS Depr		Ending
7 Distribution Mains	2,328,216	96.9%	(2,256,041)	72,175	(36,088)	36,087	15	8.550%	(2,297,361)	-	-	(3,085)	(2,300,446)	27,770
8 Transmission Mains	219,764	7.5%	(16,483)	203,281	(101,641)	101,640	15	8.550%	(132,862)	-	-	(8,690)	(141,552)	78,212
9 Services	249,152	100.0%	(249,152)	-	-	-	20	6.677%	(249,152)	-	-	-	(249,152)	-
10 Gathering Lines	-	0.0%	-	-	-	-	7	17.492%	-	-	-	-	-	-
11 Storage Lines	-	0.0%	-	-	-	-	15	8.550%	-	-	-	-	-	-
12 Cost of Removal	393,216	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA
	3,190,348		(2,521,676)	275,456	(137,729)	137,727			(2,679,375)	-	-	(11,775)	(2,691,150)	105,982

	Net Book Value		Cumulative		
	Book	Tax	Timing Difference	Statutory Rate	Deferred Income Taxes
13 Distribution Mains	2,147,779	27,770	(2,120,009)	37.96%	(804,755)
14 Transmission Mains	206,962	78,212	(128,750)	37.96%	(48,874)
15 Services	232,397	-	(232,397)	37.96%	(88,218)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	389,909	NA	(389,909)	37.96%	(148,009)
	2,977,047	105,982	(2,871,065)		(1,089,856)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2017
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2017 Investment	Book Depr Year 2	Depreciation					
			Beginning	Expense	Ending			
1 Distribution Mains	1,891,971	3.10%	(29,326)	(58,651)	(87,977)	1,803,994	0.01%	\$ (189)
2 Transmission Mains	90,359	2.33%	(1,053)	(2,105)	(3,158)	87,201	0.02%	(18)
3 Services	185,093	2.69%	(2,490)	(4,979)	(7,469)	177,624	0.42%	(777)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	312,527	various	(493)	(984)	(1,477)	311,050	0.00%	-
	2,479,950		(33,362)	(66,719)	(100,081)	2,379,869		\$ (984)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR Tax Life	Tax Depreciation Reserve					Tax Net Book Value	
								2	Beginning	Expense	Bonus Depr	MACRS Depr		Ending
7 Distribution Mains	1,891,971	98.5%	(1,863,591)	28,380	(14,190)	14,190	15	9.500%	(1,878,491)	-	-	(1,348)	(1,879,839)	12,132
8 Transmission Mains	90,359	0.0%	-	90,359	(45,180)	45,179	15	9.500%	(47,439)	-	-	(4,292)	(51,731)	38,628
9 Services	185,093	100.0%	(185,093)	-	-	-	20	7.219%	(185,093)	-	-	-	(185,093)	-
10 Gathering Lines	-	0.0%	-	-	-	-	7	24.490%	-	-	-	-	-	-
11 Storage Lines	-	0.0%	-	-	-	-	15	9.500%	-	-	-	-	-	-
12 Cost of Removal	312,527	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA
	2,479,950		(2,048,684)	118,739	(59,370)	59,369			(2,111,023)	-	-	(5,640)	(2,116,663)	50,760

	Net Book Value		Cumulative Timing Difference	B	
	Book	Tax		Statutory Rate	Deferred Income Taxes
13 Distribution Mains	1,803,994	12,132	(1,791,862)	37.96%	(680,191)
14 Transmission Mains	87,201	38,628	(48,573)	37.96%	(18,438)
15 Services	177,624	-	(177,624)	37.96%	(67,426)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	311,050	NA	(311,050)	37.96%	(118,075)
	2,379,869	50,760	(2,329,109)		(884,130)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.
 B In December, 2017, tax law was enacted to reduce the federal corporate income tax rate to 21%.
 Delta remeasured its deferred income taxes using the 21% federal rate as of December 31, 2017, including deferred taxes on PRP assets.
 The reduction in deferred taxes is being returned to customers through Case No. 2018-00040.
 PRP assets for years subsequent to 2017 have been measured at the reduced tax rate.

Calendar Year 2018
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2018 Investment	Book Depr Year	B					
			Beginning	Depreciation Expense	Ending			
1 Distribution Mains	2,669,534	3.10%	-	(41,378)	(41,378)	2,628,156	0.01%	\$ (133)
2 Transmission Mains	611,904	2.33%	-	(7,129)	(7,129)	604,775	0.02%	(61)
3 Services	166,771	2.69%	-	(2,243)	(2,243)	164,528	0.42%	(350)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	441,538	various	-	(544)	(544)	440,994	0.00%	-
	3,889,747		-	(51,294)	(51,294)	3,838,453		\$ (544)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	0% Bonus Depreciation	Depreciable Base	MACRS YEAR	Tax Depreciation Reserve					Tax Net Book Value		
								Tax Life	1	Beginning	Expense	Bonus Depr		MACRS Depr	Ending
7 Distribution Mains	2,669,534	77.7%	(2,074,228)	595,306	-	595,306	15	5.000%	-	(2,074,228)	-	(29,765)	(2,103,993)	565,541	
8 Transmission Mains	611,904	82.2%	(502,983)	108,921	-	108,921	15	5.000%	-	(502,983)	-	(5,446)	(508,429)	103,475	
9 Services	166,771	100.0%	(166,771)	-	-	-	20	3.750%	-	(166,771)	-	-	(166,771)	-	
10 Gathering Lines	-	0.0%	-	-	-	-	7	14.286%	-	-	-	-	-	-	
11 Storage Lines	-	0.0%	-	-	-	-	15	5.000%	-	-	-	-	-	-	
12 Cost of Removal	441,538	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA	
	3,889,747		(2,743,982)	704,227	-	704,227			-	(2,743,982)	-	(35,211)	(2,779,193)	669,016	

	Net Book Value		Cumulative Timing Difference	C	
	Book	Tax		Statutory Rate	Deferred Income Taxes
13 Distribution Mains	2,628,156	565,541	(2,062,615)	24.95%	(514,622)
14 Transmission Mains	604,775	103,475	(501,300)	24.95%	(125,074)
15 Services	164,528	-	(164,528)	24.95%	(41,050)
16 Gathering Lines	-	-	-	24.95%	-
17 Storage Lines	-	-	-	24.95%	-
18 Cost of Removal	440,994	NA	(440,994)	24.95%	(110,028)
	3,838,453	669,016	(3,169,437)		(790,774)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

B Year 1 for PRP assets assumes a half year of depreciation expense.

C In December, 2017, tax law was enacted to reduce the federal corporate income tax rate to 21%. (See effective tax rate calculation below.)

Delta remeasured its deferred income taxes using the 21% federal rate as of December 31, 2017, including deferred taxes on PRP assets.

The reduction in deferred taxes is being returned to customers through Case No. 2018-00040.

PRP assets for years subsequent to 2017 have been measured at the reduced tax rate.

Effective Tax Rate Calculation

Statutory federal income tax rate	21.00%
State income taxes, net of federal benefit	3.95%
Effective income tax rate	24.95%

Increased depreciation expense (Schedule II)

2010	\$	29,643
2011	\$	39,770
2012	\$	90,827
2013	\$	68,191
2014	\$	52,186
2015	\$	43,721
2016	\$	85,321
2017	\$	66,719
2018	\$	51,294
	\$	<u>527,672</u>

Operating expense reductions

Maintenance of Transmission and Distribution Mains, per Case 2010-0116	\$	76,450
Current Year Actual Expense		<u>73,700</u>
Decrease in Operating Expense	\$	(2,750)

Increased property tax expense

A December 31, 2017		
Net Book Value, PSC Report Page 110		137,760,747
2018 Property Tax Expense 1.408.02		2,599,000
Average ad valorem tax rate		1.887%
PRP Net Book Value		<u>20,956,741</u>
PRP Property Tax	\$	395,371

Total increased cost of service **\$** **920,293**

A Property tax expense for current year is based on plant balances at the end of the prior year

DELTA NATURAL GAS

Schedule IV

Cost of Removal and Replacement Projects for 2018

<u>DISTRICT BRANCH</u>	<u>PLANT CLASSIFICATION</u>	<u>SIZE AND PIPE INSTALLED</u>	<u>FOOTAGE</u>	<u>TOTAL COST</u>
Cost of Removal		(A)	-	\$ 441,538
Barbourville	Distribution Mains	UNDER 2" PLASTIC	283	\$ 4,052
Barbourville	Distribution Mains	2" PLASTIC	1,113	\$ 14,219
Barbourville	Distribution Mains	4" PLASTIC	2,299	\$ 78,633
Barbourville	Services	18	(B)	\$ 9,892
			3,695	\$ 106,796
Berea	Distribution Mains	UNDER 2" PLASTIC	777	\$ 20,082
Berea	Distribution Mains	2" PLASTIC	10,779	\$ 289,198
Berea	Distribution Mains	4" PLASTIC	944	\$ 29,380
Berea	Transmission Mains	4" STEEL	280	\$ 51,126
Berea	Services	53	(B)	\$ 33,778
			12,780	\$ 423,564
Corbin	Distribution Mains	UNDER 2" PLASTIC	800	\$ 24,088
Corbin	Distribution Mains	2" PLASTIC	5,626	\$ 134,425
Corbin	Distribution Mains	4" PLASTIC	10,485	\$ 322,005
Corbin	Distribution Mains	6" PLASTIC	4,355	\$ 306,862
Corbin	Transmission Mains	8" STEEL	170	\$ 58,219
Corbin	Services	35	(B)	\$ 20,918
			21,436	\$ 866,517
London	Distribution Mains	UNDER 2" PLASTIC	42	\$ 1,865
London	Services	1	(B)	\$ 1,229
			42	\$ 3,094
Manchester	Distribution Mains	UNDER 2" PLASTIC	15	\$ 1,410
Manchester	Distribution Mains	2" PLASTIC	3,032	\$ 71,980
Manchester	Distribution Mains	4" PLASTIC	3,777	\$ 355,942
Manchester	Services	9	(B)	\$ 8,340
			6,824	\$ 437,672
Middlesboro	Distribution Mains	UNDER 2" PLASTIC	1,142	\$ 34,790
Middlesboro	Distribution Mains	2" PLASTIC	3,035	\$ 120,174
Middlesboro	Distribution Mains	4" PLASTIC	8,231	\$ 217,710
Middlesboro	Transmission Mains	2" STEEL	31	\$ 2,742
Middlesboro	Transmission Mains	8" STEEL	1,648	\$ 439,568
Middlesboro	Services	22	(B)	\$ 22,750
			14,087	\$ 837,734
Nicholasville	Distribution Mains	UNDER 2" PLASTIC	723	\$ 33,136
Nicholasville	Distribution Mains	2" PLASTIC	6,268	\$ 172,773
Nicholasville	Transmission Mains	3" STEEL & VALVES	3	\$ 11,573
Nicholasville	Distribution Mains	4" PLASTIC (Additional Cost)		\$ 85
Nicholasville	Transmission Mains	6" STEEL and VALVES	3	\$ 37,487
Nicholasville	Transmission Mains	8" STEEL (Additional Cost)		\$ 71
Nicholasville	Distribution Mains	8" STEEL & VALVE	15	\$ 40,568
Nicholasville	Services	62	(B)	\$ 36,814
			7,012	\$ 332,507

DELTA NATURAL GAS
Cost of Removal and Replacement Projects for 2018

Schedule IV

<u>DISTRICT BRANCH</u>	<u>PLANT CLASSIFICATION</u>	<u>SIZE AND PIPE INSTALLED</u>	<u>FOOTAGE</u>	<u>TOTAL COST</u>
Owingsville	Distribution Mains	UNDER 2" PLASTIC	793	\$ 37,422
Owingsville	Distribution Mains	2" PLASTIC	3,987	\$ 127,558
Owingsville	Distribution Mains	4" PLASTIC	270	\$ 5,771
Owingsville	Services	20	(B)	\$ 16,635
			<u>5,050</u>	<u>\$ 187,386</u>
Stanton	Distribution Mains	UNDER 2" PLASTIC	637	\$ 13,061
Stanton	Distribution Mains	2" PLASTIC	2,779	\$ 39,945
Stanton	Distribution Mains	4" PLASTIC	7,793	\$ 116,462
Stanton	Services	13	(B)	\$ 8,098
			<u>11,209</u>	<u>\$ 177,566</u>
Williamsburg	Distribution Mains	UNDER 2" PLASTIC	58	\$ 4,613
Williamsburg	Distribution Mains	2" PLASTIC	642	\$ 45,329
Williamsburg	Distribution Mains	4" PLASTIC	160	\$ 5,997
Williamsburg	Distribution Mains	6" STEEL	40	\$ 11,117
Williamsburg	Services	11	(B)	\$ 8,317
			<u>900</u>	<u>\$ 75,373</u>
Total			<u>83,035</u>	<u>\$ 3,889,747</u>

(A) Represents cost of removal incurred. No pipe installed.

(B) Delta does not track the footage of each individual service line.

**Delta Natural Gas Company, Inc.
Supplemental Data as Requested by
CASE NO. 2018-00086, Appendix C**

1. Provide a list of the remaining items to be replaced and an estimate of the associated costs eligible to be recovered through the PRP, inclusive of all types of pipe authorized to be replaced through the PRP. The information should include:
 - a. The amount of pipe remaining to be replaced through the PRP. Pipe should be categorized by material (i.e. bare steel, coated steel, plastic, etc.), age, size, and location.
 - b. The estimated remaining cost per year of the PRP broken down by pipe, services, and any other eligible PRP activities.

Response:

- 1.a. See attached Schedule VI.
- 1.b. See attached Schedule VII.

2. Using the information provided in Item 1, provide a chart showing by year and customer class, the estimated PRP surcharges for each remaining year of the PRP.

Response:

See attached Schedule VIII.

3. Provide a list showing each project that was replaced under the PRP for the program year. The list should include the size of the pipe, length replaced, length installed, number of services, pipe material, and cost.

Response:

See attached Schedule IV included with the historical data in this filing.

4. Provide the same information as requested in Item 3 above but as an estimate for the next PRP program year.

Response:

See attached Schedule IX.

Delta Natural Gas Company, Inc.
Pipe Remaining to be Replaced

District Location	Total	Unknown Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Owingsville																
1" Bare Steel	128	128														
2" Bare Steel	231	158										73				
4" Bare Steel	210															
1" Unprotected Coated Steel	268									42	127	45				
2" Unprotected Coated Steel	1,104									794						
4" Unprotected Coated Steel	360															
1/2" Aldyl-A	38	38														
3/4" Aldyl-A	3,519	5													192	663
1" Aldyl-A	5,142	2110														
1-1/4" Aldyl-A	726	497														
1-1/2" Aldyl-A	3,211	3211														
2" Aldyl-A	141,716	21296													13316	57421
3" Aldyl-A	23,962	19988														
Owingsville Total	180,615	47,431	-	-	-	-	-	-	-	836	127	118	-	-	13,508	58,084
Berea																
1" Unprotected Coated Steel	127	79	48													
2" Unprotected Coated Steel	1,684	239												574		
3/4" Aldyl-A	3,603													450	749	806
1" Aldyl-A	3,748													40		
1-1/4" Aldyl-A	1,375															
2" Aldyl-A	180,730	250										269		27573	16329	21937
4" Aldyl-A	11,608															
Berea Total	202,875	568	48	-	-	-	-	-	-	-	-	269	-	28,637	17,078	22,743
Nicholasville																
1" Steel	1,119			315	473	127	32				170	2				
2" Steel	7,411	3569		172	1091						187	1442	459			
3/4" Aldyl-A	1,159															244
1" Aldyl-A	1,084															
1-1/4" Aldyl-A	562															
2" Aldyl-A	85,428												651	7299	2668	7751
Nicholasville Total	88,233	-	-	-	-	-	-	-	-	-	-	-	651	7,299	2,668	7,995
Stanton																
1" Bare Steel	143									143						
2" Bare Steel	35	35														
1" Unprotected Coated Steel	720	620														55
2" Unprotected Coated Steel	1,441	44							238		487	144	145			320
3" Unprotected Coated Steel	475															253
3/4" Aldyl-A	3,779													780	434	794
1" Aldyl-A	6,148											90				32
1-1/4" Aldyl-A	500															
2" Aldyl-A	150,357											899		10659	30336	29030
3" Aldyl-A	4,906															
Stanton Total	168,504	699	-	-	-	-	-	-	381	-	487	1,133	145	11,439	30,770	30,484

Delta Natural Gas Company, Inc.
Pipe Remaining to be Replaced

District Location	Total	Unknown Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
London																
1" Bare Steel	189															
1" Unprotected Coated Steel	191	191														
3" Unprotected Coated Steel	300	300														
4" Unprotected Coated Steel	264	264														
6" Unprotected Coated Steel	150	150														
8" Unprotected Coated Steel	3,863	3863														
1/2" Vintage Plastic	135															
3/4" Vintage Plastic	9,821	8993														
1" Vintage Plastic	5,558	4633														
1-1/4" Vintage Plastic	712	712														
2" Vintage Plastic	115,087	39732														
3" Vintage Plastic	13,375	5382														
4" Vintage Plastic	28,654	9186														
London Total	178,299	79,406														
Williamsburg																
1" Bare Steel	1,782	1757														
2" Bare Steel	5,690	5690														
4" Bare Steel	149	149														
Williamsburg Total	7,621	7,596														
Barbourville																
3/4" Bare Steel	25	25														
1" Bare Steel	361	361														
2" Bare Steel	3,862	3862														
3" Bare Steel	278	278														
4" Bare Steel	219	219														
3/4" Unprotected Coated Steel	43	43														
1" Unprotected Coated Steel	630	582														
2" Unprotected Coated Steel	1,394	1394														
4" Unprotected Coated Steel	1,039	1039														
3/4" Aldyl-A	160	160														
2" Aldyl-A	1,754	1754														
Barbourville Total	9,765	9,717														
Middlesboro																
3/4" Bare Steel	103	103														
1" Bare Steel	1,088	1043														
2" Bare Steel	10,980	10053														
4" Bare Steel	1,046	1046														
6" Bare Steel	3,859	3745														
1" Unprotected Coated Steel	145	145														
2" Unprotected Coated Steel	2,860	2853														
4" Unprotected Coated Steel	1,718	1623														
Middlesboro Total	21,799	20,611														

Delta Natural Gas Company, Inc.
Pipe Remaining to be Replaced

District Location	Total	Unknown Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Corbin																
3/4" Bare Steel	730	730														
1" Bare Steel	961	901														
1-1/4" Bare Steel	1,410	1410														
2" Bare Steel	2,833	2740														
3" Bare Steel	167	167														
4" Bare Steel	3,568	3568														
8" Bare Steel	5,005	5005														
1" Unprotected Coated Steel	617	617														
1-1/4" Unprotected Coated Steel	1,070	1070														
2" Unprotected Coated Steel	10,042	10042														
4" Unprotected Coated Steel	1,861	1679														
6" Unprotected Coated Steel	3,908	3908														
8" Unprotected Coated Steel	1,966	1966														
3/4" Aldyl-A	3,512	2430														
1" Aldyl-A	411	281														
1-1/4" Aldyl-A	715															
2" Aldyl-A	66,372	52358														
4" Aldyl-A	314															
Corbin Total	105,462	88,872														
Manchester																
2" Steel	112	112														
1" Bare Steel	637	637														
1-1/4" Bare Steel	258	187														
2" Bare Steel	119	119														
3" Bare Steel	1,649	1649														
1-1/4" Unprotected Coated Steel	234	234														
2" Unprotected Coated Steel	233	233														
3" Unprotected Coated Steel	185	185														
4" Unprotected Coated Steel	7,117	7117														
3/4" Aldyl-A	818	538														
1" Aldyl-A	34	34														
2" Aldyl-A	17,564	17394														
4" Aldyl-A	770															
Manchester Total	29,618	28,327														
Transmission																
1" Bare Steel	1,031	344														
2" Bare Steel	296	45											101			
3" Bare Steel	214															
6" Bare Steel	912															
Transmission Total	2,453															
Delta Total System																
Steel	8,642	3,681	-	487	1,564	127	32	-	-	-	357	1,444	459	-	-	-
Bare Steel	50,168	46,154	-	-	-	-	-	-	143	-	-	73	101	-	-	-
Unprotected Coated Steel	46,009	40,480	48	-	-	-	-	-	238	836	614	189	145	574	-	628
Aldyl-A / Vintage Plastic	899,067	190,982	-	-	-	-	-	-	-	-	-	1,258	651	46,801	64,024	118,678
Total PRP Eligible Footage	1,003,886	281,297	48	487	1,564	127	32	-	381	836	971	2,964	1,356	47,375	64,024	119,306

Delta Natural Gas Company, Inc.
Pipe Remaining to be Replaced

District Location	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Owingsville																		
1" Bare Steel																		
2" Bare Steel																		
4" Bare Steel														210				
1" Unprotected Coated Steel			54															
2" Unprotected Coated Steel	53	205							52									
4" Unprotected Coated Steel		360																
1/2" Aldyl-A																		
3/4" Aldyl-A	707	410	168			60	110		52		446	619	87					
1" Aldyl-A	76	295	455	204	197	551	92	48		686	340		88					
1-1/4" Aldyl-A			45		98		86											
1-1/2" Aldyl-A																		
2" Aldyl-A	12340	5140	4983	1287	2511	1026	1098	333	3421	750	8468	3909	4417					
3" Aldyl-A	3974																	
Owingsville Total	17,150	6,410	5,705	1,491	2,806	1,637	1,386	381	3,525	1,436	9,254	4,528	4,592	210				
Berea																		
1" Unprotected Coated Steel																		
2" Unprotected Coated Steel	871																	
3/4" Aldyl-A	357	566		35	48	113			75	69		271	64					
1" Aldyl-A	173	107	578	224	306	1415	53	145	128	412		167						
1-1/4" Aldyl-A		795	44	30	243	137	26		75				25					
2" Aldyl-A	16932	12046	18474	9513	9815	5960	1773	5391	4095	10559	6039	8985	4790					
4" Aldyl-A												9283	2325					
Berea Total	18,333	13,514	19,096	9,802	10,412	7,625	1,852	5,536	4,373	11,040	6,039	18,706	7,204					
Nicholasville																		
1" Steel																		
2" Steel									459		32							
3/4" Aldyl-A	107		168	160							480							
1" Aldyl-A		94	133	91			65	150	25	270		157	99					
1-1/4" Aldyl-A							95	301		166								
2" Aldyl-A	4099	8208	8876	12642	5723	3887	446	2051	1101	8798	3426	3488	4314					
Nicholasville Total	4,206	8,302	9,177	12,893	5,723	3,887	606	2,502	1,126	9,234	3,906	3,645	4,413					
Stanton																		
1" Bare Steel																		
2" Bare Steel																		
1" Unprotected Coated Steel							45											
2" Unprotected Coated Steel									63									
3" Unprotected Coated Steel											60							
3/4" Aldyl-A	77	20	66	513	210	452	41	29			185	150	28					
1" Aldyl-A	1051	272	595	578	311	592	156	136	868	367	831	124	145					
1-1/4" Aldyl-A				48		350	102											
2" Aldyl-A	13799	6366	6101	5483	4191	8640	2212	2107	8179	4684	9580	2887	5204					
3" Aldyl-A								2166			2740							
Stanton Total	14,927	6,658	6,762	6,622	4,712	10,034	2,556	4,438	9,110	5,051	13,396	3,161	5,377					

Delta Natural Gas Company, Inc.
Pipe Remaining to be Replaced

District Location	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
London																		
1" Bare Steel																		
1" Unprotected Coated Steel																		
3" Unprotected Coated Steel																		
4" Unprotected Coated Steel																		
6" Unprotected Coated Steel																		
8" Unprotected Coated Steel																		
1/2" Vintage Plastic																135		
3/4" Vintage Plastic												218	474	136				
1" Vintage Plastic										31	275	288	301	30				
1-1/4" Vintage Plastic																		
2" Vintage Plastic										600	1690	33046	29919	10100				
3" Vintage Plastic												3910	4083					
4" Vintage Plastic												9241	4629	5598				
London Total										631	1,965	46,703	39,406	15,999				
Williamsburg																		
1" Bare Steel												25						
2" Bare Steel																		
4" Bare Steel																		
Williamsburg Total												25						
Barbourville																		
3/4" Bare Steel																		
1" Bare Steel																		
2" Bare Steel																		
3" Bare Steel																		
4" Bare Steel																		
3/4" Unprotected Coated Steel																		
1" Unprotected Coated Steel											48							
2" Unprotected Coated Steel																		
4" Unprotected Coated Steel																		
3/4" Aldyl-A																		
2" Aldyl-A																		
Barbourville Total											48							
Middlesboro																		
3/4" Bare Steel																		
1" Bare Steel																		
2" Bare Steel											84	35	206	602				
4" Bare Steel																		
6" Bare Steel																		
1" Unprotected Coated Steel																		
2" Unprotected Coated Steel																		
4" Unprotected Coated Steel																		
Middlesboro Total											84	35	206	602				

Delta Natural Gas Company, Inc.
Pipe Remaining to be Replaced

District Location	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Corbin																		
3/4" Bare Steel																		
1" Bare Steel															60			
1-1/4" Bare Steel																		
2" Bare Steel															93			
3" Bare Steel																		
4" Bare Steel																		
8" Bare Steel																		
1" Unprotected Coated Steel																		
1-1/4" Unprotected Coated Steel																		
2" Unprotected Coated Steel																		
4" Unprotected Coated Steel																		
6" Unprotected Coated Steel																		
8" Unprotected Coated Steel																		
3/4" Aldyl-A				130									952					
1" Aldyl-A													130					
1-1/4" Aldyl-A													715					
2" Aldyl-A				814	10								13190					
4" Aldyl-A													314					
Corbin Total	-	-	-	944	10	-	-	-	-	-	-	-	15,301	-	153	-	-	-
Manchester																		
2" Steel																		
1" Bare Steel																		
1-1/4" Bare Steel																		
2" Bare Steel																		
3" Bare Steel																		
1-1/4" Unprotected Coated Steel																		
2" Unprotected Coated Steel																		
3" Unprotected Coated Steel																		
4" Unprotected Coated Steel																		
3/4" Aldyl-A													280					
1" Aldyl-A																		
2" Aldyl-A													170					
4" Aldyl-A													770					
Manchester Total	-	-	-	-	-	-	-	-	-	-	-	-	1,220	-	-	-	-	-
Transmission																		
1" Bare Steel															7			72
2" Bare Steel																		
3" Bare Steel																		
6" Bare Steel								912										
Transmission Total	-	-	-	-	-	-	-	912	-	-	-	-	-	-	-	-	-	-
Delta Total System																		
Steel	-	-	-	-	-	-	-	-	459	-	32	-	-	-	-	-	-	-
Bare Steel	-	-	-	-	-	912	-	-	-	-	109	35	-	416	762	-	-	72
Unprotected Coated Steel	924	565	54	-	-	-	45	-	115	48	60	-	-	-	-	-	-	-
Aldyl-A / Vintage Plastic	53,692	34,319	40,686	31,752	23,663	23,183	6,355	12,857	18,019	27,392	34,500	76,743	77,513	15,999	-	-	-	-
Total PRP Eligible Footage	54,616	34,884	40,740	31,752	23,663	24,095	6,400	12,857	18,593	27,440	34,701	76,778	77,513	16,415	762	-	-	72

Delta Natural Gas Company, Inc.
Pipe Remaining to be Replaced

District-Location	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Owingsville																		
1" Bare Steel																		
2" Bare Steel																		
4" Bare Steel																		
1" Unprotected Coated Steel																		
2" Unprotected Coated Steel																		
4" Unprotected Coated Steel																		
1/2" Aldyl-A																		
3/4" Aldyl-A																		
1" Aldyl-A																		
1-1/4" Aldyl-A																		
1-1/2" Aldyl-A																		
2" Aldyl-A																		
3" Aldyl-A																		
Owingsville Total																		
Berea																		
1" Unprotected Coated Steel																		
2" Unprotected Coated Steel																		
3/4" Aldyl-A																		
1" Aldyl-A																		
1-1/4" Aldyl-A																		
2" Aldyl-A																		
4" Aldyl-A																		
Berea Total																		
Nicholasville																		
1" Steel																		
2" Steel																		
3/4" Aldyl-A																		
1" Aldyl-A																		
1-1/4" Aldyl-A																		
2" Aldyl-A																		
Nicholasville Total																		
Stanton																		
1" Bare Steel																		
2" Bare Steel																		
1" Unprotected Coated Steel																		
2" Unprotected Coated Steel																		
3" Unprotected Coated Steel																		162
3/4" Aldyl-A																		
1" Aldyl-A																		
1-1/4" Aldyl-A																		
2" Aldyl-A																		
3" Aldyl-A																		
Stanton Total																		162

Delta Natural Gas Company, Inc.
Pipe Remaining to be Replaced

District Location	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
London																		
1" Bare Steel	189																	
1" Unprotected Coated Steel																		
3" Unprotected Coated Steel																		
4" Unprotected Coated Steel																		
6" Unprotected Coated Steel																		
8" Unprotected Coated Steel																		
1/2" Vintage Plastic																		
3/4" Vintage Plastic																		
1" Vintage Plastic																		
1-1/4" Vintage Plastic																		
2" Vintage Plastic																		
3" Vintage Plastic																		
4" Vintage Plastic																		
London Total	189																	
Williamsburg																		
1" Bare Steel																		
2" Bare Steel																		
4" Bare Steel																		
Williamsburg Total																		
Barbourville																		
3/4" Bare Steel																		
1" Bare Steel																		
2" Bare Steel																		
3" Bare Steel																		
4" Bare Steel																		
3/4" Unprotected Coated Steel																		
1" Unprotected Coated Steel																		
2" Unprotected Coated Steel																		
4" Unprotected Coated Steel																		
3/4" Aldyl-A																		
2" Aldyl-A																		
Barbourville Total																		
Middlesboro																		
3/4" Bare Steel																		
1" Bare Steel										45								
2" Bare Steel																		
4" Bare Steel																		
6" Bare Steel																		
1" Unprotected Coated Steel																		
2" Unprotected Coated Steel									7									
4" Unprotected Coated Steel				95														
Middlesboro Total				95					7									

Delta Natural Gas Company, Inc.
Pipe Remaining to be Replaced

District Location	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Corbin																		
3/4" Bare Steel																		
1" Bare Steel																		
1-1/4" Bare Steel																		
2" Bare Steel																		
3" Bare Steel																		
4" Bare Steel																		
8" Bare Steel																		
1" Unprotected Coated Steel																		
1-1/4" Unprotected Coated Steel																		
2" Unprotected Coated Steel																		
4" Unprotected Coated Steel		182																
6" Unprotected Coated Steel																		
8" Unprotected Coated Steel																		
3/4" Aldyl-A																		
1" Aldyl-A																		
1-1/4" Aldyl-A																		
2" Aldyl-A																		
4" Aldyl-A																		
Corbin Total	-	182	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manchester																		
2" Steel																		
1" Bare Steel																		
1-1/4" Bare Steel																		71
2" Bare Steel																		
3" Bare Steel																		
1-1/4" Unprotected Coated Steel																		
2" Unprotected Coated Steel																		
3" Unprotected Coated Steel																		
4" Unprotected Coated Steel																		
3/4" Aldyl-A																		
1" Aldyl-A																		
2" Aldyl-A																		
4" Aldyl-A																		
Manchester Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71
Transmission																		
1" Bare Steel	234		176	21	16	106		55										
2" Bare Steel		150																
3" Bare Steel										214								
6" Bare Steel																		
Transmission Total	234	150	176	21	16	106		55		214								
Delta Total System																		
Steel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bare Steel	423	150	176	21	16	106	-	55	-	259	-	-	-	-	-	-	-	71
Unprotected Coated Steel	-	182	-	95	-	-	7	-	-	-	-	-	-	-	-	-	-	162
Aldyl-A / Vintage Plastic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total PRP Eligible Footage	423	332	176	116	16	106	7	55	-	259	-	-	-	-	-	-	-	162

Delta Natural Gas Company, Inc.
 Pipe Remaining to be Replaced

District Location	2006	2007	2008	2009
Owingsville				
1" Bare Steel				
2" Bare Steel				
4" Bare Steel				
1" Unprotected Coated Steel				
2" Unprotected Coated Steel				
4" Unprotected Coated Steel				
1/2" Aldyl-A				
3/4" Aldyl-A				
1" Aldyl-A				
1-1/4" Aldyl-A				
1-1/2" Aldyl-A				
2" Aldyl-A				
3" Aldyl-A				
Owingsville Total	-	-	-	-
Berea				
1" Unprotected Coated Steel				
2" Unprotected Coated Steel				
3/4" Aldyl-A				
1" Aldyl-A				
1-1/4" Aldyl-A				
2" Aldyl-A				
4" Aldyl-A				
Berea Total	-	-	-	-
Nicholasville				
1" Steel				
2" Steel				
3/4" Aldyl-A				
1" Aldyl-A				
1-1/4" Aldyl-A				
2" Aldyl-A				
Nicholasville Total	-	-	-	-
Stanton				
1" Bare Steel				
2" Bare Steel				
1" Unprotected Coated Steel				
2" Unprotected Coated Steel				
3" Unprotected Coated Steel				
3/4" Aldyl-A				
1" Aldyl-A				
1-1/4" Aldyl-A				
2" Aldyl-A				
3" Aldyl-A				
Stanton Total	-	-	-	-

Delta Natural Gas Company, Inc.
 Pipe Remaining to be Replaced

District Location	2006	2007	2008	2009
London				
1" Bare Steel				
1" Unprotected Coated Steel				
3" Unprotected Coated Steel				
4" Unprotected Coated Steel				
6" Unprotected Coated Steel				
8" Unprotected Coated Steel				
1/2" Vintage Plastic				
3/4" Vintage Plastic				
1" Vintage Plastic				
1-1/4" Vintage Plastic				
2" Vintage Plastic				
3" Vintage Plastic				
4" Vintage Plastic				
London Total	-	-	-	-
Williamsburg				
1" Bare Steel				
2" Bare Steel				
4" Bare Steel				
Williamsburg Total	-	-	-	-
Barbourville				
3/4" Bare Steel				
1" Bare Steel				
2" Bare Steel				
3" Bare Steel				
4" Bare Steel				
3/4" Unprotected Coated Steel				
1" Unprotected Coated Steel				
2" Unprotected Coated Steel				
4" Unprotected Coated Steel				
3/4" Aldyl-A				
2" Aldyl-A				
Barbourville Total	-	-	-	-
Middlesboro				
3/4" Bare Steel				
1" Bare Steel				
2" Bare Steel				
4" Bare Steel				
6" Bare Steel				114
1" Unprotected Coated Steel				
2" Unprotected Coated Steel				
4" Unprotected Coated Steel				
Middlesboro Total	-	-	-	114

Delta Natural Gas Company, Inc.
 Pipe Remaining to be Replaced

District Location	2006	2007	2008	2009
Corbin				
3/4" Bare Steel				
1" Bare Steel				
1-1/4" Bare Steel				
2" Bare Steel				
3" Bare Steel				
4" Bare Steel				
8" Bare Steel				
1" Unprotected Coated Steel				
1-1/4" Unprotected Coated Steel				
2" Unprotected Coated Steel				
4" Unprotected Coated Steel				
6" Unprotected Coated Steel				
8" Unprotected Coated Steel				
3/4" Aldyl-A				
1" Aldyl-A				
1-1/4" Aldyl-A				
2" Aldyl-A				
4" Aldyl-A				
Corbin Total	-	-	-	-
Manchester				
2" Steel				
1" Bare Steel				
1-1/4" Bare Steel				
2" Bare Steel				
3" Bare Steel				
1-1/4" Unprotected Coated Steel				
2" Unprotected Coated Steel				
3" Unprotected Coated Steel				
4" Unprotected Coated Steel				
3/4" Aldyl-A				
1" Aldyl-A				
2" Aldyl-A				
4" Aldyl-A				
Manchester Total	-	-	-	-
Transmission				
1" Bare Steel				
2" Bare Steel				
3" Bare Steel				
6" Bare Steel				
Transmission Total	-	-	-	-
Delta Total System				
Steel	-	-	-	-
Bare Steel	-	-	-	114
Unprotected Coated Steel	-	-	-	-
Aldyl-A / Vintage Plastic	-	-	-	-
Total PRP Eligible Footage	-	-	-	114

Delta Natural Gas Company, Inc.
Estimated Remaining PRP Costs Per Year

Schedule VII

	Estimate Range		
	Low	High	
Main replacements & retirements (unprotected & Aldyl A)	\$ 3,381,000	\$ 7,350,000	{1}
Main & service relocations	255,000	730,000	{2}
Service line removals	211,000	211,000	{4}
Service line replacements	206,000	206,000	{5}
	<u>4,053,000</u>	<u>8,497,000</u>	

{1} The current year cost per foot, net of relocations, was \$48.99, but has been as high \$71.57 per foot. Delta used these prices in estimating the high and low estimates, escalated annually for inflation.

{2} Performed as needed. Mandatory relocations have averaged \$255,000 per year with a range of \$30,000 - \$730,000 per year.

{4} Delta has 3,000 inactive services. Once a service has been inactive for five years, Delta removes the service line. Under the PRP, the average cost to remove a service is \$351, resulting in an average cost of \$211,000 per year for five years.

{5} Delta has approximately 500 bare steel services. Since the PRP inception, Delta has averaged 260 service line replacements per year with an average cost to replace a service of \$792. Delta estimates an average cost of \$206,000 per year.

Delta Natural Gas Company, Inc.
 Estimated Future PRP Surcharges

Schedule VIII

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
PRP Adjustment		3,545,025	4,403,857	5,239,353	6,051,539	6,840,436	7,605,945	8,348,077	9,066,703	9,761,968	10,433,727	11,081,983	11,706,860	12,308,448	12,886,624	13,443,971

Class Allocation

Residential	54.3%	1,925,748	2,392,288	2,846,151	3,287,351	3,715,900	4,131,744	4,534,889	4,925,265	5,302,951	5,667,868	6,020,017	6,359,466	6,686,264	7,000,344	7,303,110
Small Non-Residential	14.6%	517,722	643,147	765,165	883,778	998,990	1,110,786	1,219,168	1,324,118	1,425,656	1,523,761	1,618,433	1,709,691	1,797,548	1,881,986	1,963,382
Large Non-Residential	25.6%	909,045	1,129,274	1,343,519	1,551,786	1,754,082	1,950,380	2,140,684	2,324,960	2,503,246	2,675,504	2,841,735	3,001,971	3,156,235	3,304,496	3,447,416
Interruptible	5.4%	192,510	239,148	284,519	328,624	371,464	413,034	453,335	492,360	530,116	566,595	601,798	635,731	668,400	699,797	730,064

Number of Customers

Residential	357,183	357,183	357,183	357,183	357,183	357,183	357,183	357,183	357,183	357,183	357,183	357,183	357,183	357,183	357,183	357,183
Small Non-Residential	50,146	50,146	50,146	50,146	50,146	50,146	50,146	50,146	50,146	50,146	50,146	50,146	50,146	50,146	50,146	50,146
Large Non-Residential	11,926	11,926	11,926	11,926	11,926	11,926	11,926	11,926	11,926	11,926	11,926	11,926	11,926	11,926	11,926	11,926
Interruptible	342	342	342	342	342	342	342	342	342	342	342	342	342	342	342	342

Monthly PRP Rate

	Currently																
	Effective	Proposed	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Residential	\$ 3.33	\$ 4.16	\$ 5.39	\$ 6.70	\$ 7.97	\$ 9.20	\$ 10.40	\$ 11.57	\$ 12.70	\$ 13.79	\$ 14.85	\$ 15.87	\$ 16.85	\$ 17.80	\$ 18.72	\$ 19.60	\$ 20.45
Small Non-Residential	6.35	7.98	10.32	12.83	15.26	17.62	19.92	22.15	24.31	26.41	28.43	30.39	32.27	34.09	35.85	37.53	39.15
Large Non-Residential	47.54	58.88	76.22	94.69	112.65	130.12	147.08	163.54	179.50	194.95	209.90	224.34	238.28	251.72	264.65	277.08	289.07
Interruptible	368.97	434.84	562.89	699.26	831.93	960.89	1,086.15	1,207.70	1,325.54	1,439.65	1,550.05	1,656.71	1,759.64	1,858.86	1,954.39	2,046.19	2,134.69

<u>DISTRICT</u>	<u>PIPE SIZE AND TYPE TO BE REPLACED</u>	<u>ESTIMATED FOOTAGE</u>	<u>ESTIMATE RANGE</u>		{1}
			<u>Low</u>	<u>High</u>	
Barbourville	3/4" Bare Steel	25	\$ 1,225	\$ 2,237	
Barbourville	1" Bare Steel	361	17,685	32,296	
Barbourville	2" Bare Steel	3,862	189,199	345,504	
Barbourville	3" Bare Steel	278	13,619	24,871	
Barbourville	4" Bare Steel	219	10,729	19,592	
Barbourville	3/4" Unprotected Coated Steel	43	2,107	3,847	
Barbourville	1" Unprotected Coated Steel	630	30,864	56,361	
Barbourville	2" Unprotected Coated Steel	1,394	68,292	124,711	
Barbourville	4" Unprotected Coated Steel	1,039	50,901	92,952	
		<u>7,851</u>	<u>\$ 384,620</u>	<u>\$ 702,370</u>	
Berea	1" Unprotected Coated Steel	127	\$ 6,222	\$ 11,362	
Berea	2" Unprotected Coated Steel	1,684	82,499	150,655	
		<u>1,811</u>	<u>\$ 88,721</u>	<u>\$ 162,017</u>	
Corbin	3/4" Bare Steel	730	\$ 35,763	\$ 65,308	
Corbin	1" Bare Steel	991	48,549	88,657	
Corbin	1-1/4" Bare Steel	1,410	69,076	126,142	
Corbin	2" Bare Steel	2,833	138,789	253,447	
Corbin	3" Bare Steel	167	8,181	14,940	
Corbin	4" Bare Steel	3,568	174,796	319,202	
Corbin	8" Bare Steel	5,005	245,195	447,760	
Corbin	1" Unprotected Coated Steel	617	30,227	55,198	
Corbin	1-1/4" Unprotected Coated Steel	1,070	52,419	95,725	
Corbin	2" Unprotected Coated Steel	10,042	491,958	898,382	
Corbin	4" Unprotected Coated Steel	1,861	91,170	166,490	
Corbin	6" Unprotected Coated Steel	3,908	191,453	349,619	
Corbin	8" Unprotected Coated Steel	1,966	96,314	175,883	
		<u>34,168</u>	<u>\$ 1,673,890</u>	<u>\$ 3,056,755</u>	
London	1" Bare Steel	189	\$ 9,259	\$ 16,908	
London	1" Unprotected Coated Steel	191	9,357	17,087	
London	3" Unprotected Coated Steel	300	14,697	26,839	
London	4" Unprotected Coated Steel	264	12,933	23,618	
London	6" Unprotected Coated Steel	150	7,349	13,419	
London	8" Unprotected Coated Steel	3,863	189,248	345,594	
		<u>4,957</u>	<u>\$ 242,843</u>	<u>\$ 443,466</u>	

<u>DISTRICT</u>	<u>PIPE SIZE AND TYPE TO BE REPLACED</u>	<u>ESTIMATED FOOTAGE</u>	<u>ESTIMATE RANGE</u> {1}	
			<u>Low</u>	<u>High</u>
Manchester	1" Bare Steel	637	\$ 31,207	\$ 56,988
Manchester	1-1/4" Bare Steel	258	12,639	23,081
Manchester	2" Bare Steel	119	5,830	10,646
Manchester	3" Bare Steel	1,649	80,785	147,524
Manchester	1-1/4" Unprotected Coated Steel	234	11,464	20,934
Manchester	2" Unprotected Coated Steel	233	11,415	20,845
Manchester	3" Unprotected Coated Steel	185	9,063	16,551
Manchester	4" Unprotected Coated Steel	7,117	348,662	636,705
		<u>10,432</u>	<u>\$ 511,064</u>	<u>\$ 933,273</u>
Middlesboro	3/4" Bare Steel	103	\$ 5,046	\$ 9,215
Middlesboro	1" Bare Steel	1,088	53,301	97,335
Middlesboro	4" Bare Steel	1,046	51,244	93,578
Middlesboro	6" Bare Steel	3,859	189,052	345,236
Middlesboro	1" Unprotected Coated Steel	145	7,104	12,972
Middlesboro	2" Unprotected Coated Steel	2,860	140,111	255,863
Middlesboro	4" Unprotected Coated Steel	1,718	84,165	153,697
		<u>10,819</u>	<u>\$ 530,023</u>	<u>\$ 967,895</u>
Owingsville	1" Bare Steel	128	\$ 6,271	\$ 11,451
Owingsville	2" Bare Steel	231	11,317	20,666
Owingsville	4" Bare Steel	210	10,288	18,787
Owingsville	1" Unprotected Coated Steel	268	13,129	23,976
Owingsville	2" Unprotected Coated Steel	1,104	54,085	98,767
Owingsville	4" Unprotected Coated Steel	360	17,636	32,207
		<u>2,301</u>	<u>\$ 112,726</u>	<u>\$ 205,853</u>
Stanton	1" Bare Steel	143	\$ 7,006	\$ 12,793
Stanton	2" Bare Steel	35	1,715	3,131
Stanton	1" Unprotected Coated Steel	720	35,273	64,413
Stanton	2" Unprotected Coated Steel	1,441	70,595	128,915
Stanton	3" Unprotected Coated Steel	475	23,270	42,495
		<u>2,814</u>	<u>\$ 137,858</u>	<u>\$ 251,747</u>
Williamsburg	1" Bare Steel	1,782	\$ 87,300	\$ 159,422
Williamsburg	2" Bare Steel	5,690	278,753	509,042
Williamsburg	4" Bare Steel	149	7,300	13,330
		<u>7,621</u>	<u>\$ 373,353</u>	<u>\$ 681,794</u>
Total 2019 PRP Estimate		<u>82,774</u>	<u>\$ 4,055,098</u>	<u>\$ 7,405,169</u>

{1} To calculate the low estimate, Delta utilized the current year cost per foot, net of relocations, of \$48.99. Delta was under a three year contract for outside resources ending in 2018. Delta submitted a request for proposal for third party resources in 2019. To calculate the high estimate Delta took the highest cost per foot experienced under the PRP and added 25% as a result of the RFP process.

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>	+	<u>Gas Cost Recovery Rate (GCR) **</u>	=	<u>Total Rate</u>
Customer Charge *	\$ 20.90000				\$ 20.90000
All Ccf ***	\$ 0.43185		\$ 0.49113		\$ 0.92298 /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.
- ** 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 subject to the "Conservation/Efficiency Program Cost Recovery Component (CEPRC)" of .02053/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 subject to a Pipe Replacement Program charge of \$4.16, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff. (l)

Residential rates are also subject to a Tax Cuts and Jobs Act Surcredit. Pursuant to the December 21, 2018 Order in Case No. 2018-00040, the surcredit is (\$9.55) through March 31, 2019, and (\$3.83) thereafter, subject to future change.

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 ISSUED BY: John B. Brown, President, 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
 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		\$ 0.49113		\$ 0.92298 /Ccf

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.

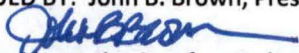
Small Non-Residential rates are subject to a Pipe Replacement Program charge of \$7.98 as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff. (l)

Small Non-Residential rates are also subject to a Tax Cuts and Jobs Act Surcredit. Pursuant to the December 21, 2018 Order in Case No. 2018-00040, the surcredit is (\$18.17) through March 31, 2019, and (\$7.29) thereafter, subject to future change.

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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

	Base Rate	+	Gas Cost Recovery Rate (GCR) **	=	Total Rate
Customer Charge	\$ 131.00000				\$ 131.00000
1 - 2,000 Ccf	\$ 0.43185		\$ 0.49113		\$ 0.92298 /Ccf
2,001 - 10,000 Ccf	\$ 0.26696		\$ 0.49113		\$ 0.75809 /Ccf
10,001 - 50,000 Ccf	\$ 0.18735		\$ 0.49113		\$ 0.67848 /Ccf
50,001 - 100,000 Ccf	\$ 0.14735		\$ 0.49113		\$ 0.63848 /Ccf
Over 100,000 Ccf	\$ 0.12735		\$ 0.49113		\$ 0.61848 /Ccf

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 subject to a Pipe Replacement Program charge of \$58.88, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff. (l)

Large Non-Residential rates are also subject to a Tax Cuts and Jobs Act Surcredit. Pursuant to the December 21, 2018 Order in Case No. 2018-00040, the surcredit is (\$136.11) through March 31, 2019, and (\$54.58) thereafter, subject to future change.

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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		\$ 0.49113		\$ 0.65113 /Ccf
10,001 - 50,000 Ccf	\$ 0.12000		\$ 0.49113		\$ 0.61113 /Ccf
50,001 - 100,000 Ccf	\$ 0.08000		\$ 0.49113		\$ 0.57113 /Ccf
Over 100,000 Ccf	\$ 0.06000		\$ 0.49113		\$ 0.55113 /Ccf

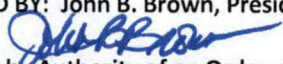
Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion 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 \$434.84, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff. (l)

** 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.

Interruptible rates are also subject to a Tax Cuts and Jobs Act Surcredit. Pursuant to the December 21, 2018 Order in Case No. 2018-00040, the surcredit is (\$923.88) through March 31, 2019, and (\$370.49) thereafter, subject to future change.

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