



**Delta Natural Gas Company, Inc.**

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**PUBLIC SERVICE  
COMMISSION**

September 24, 2013

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

RE: CASE NO. 2012-00549

Dear Mr. Derouen:

This filing is in response to the Commission's Order dated January 23, 2013 requiring Delta to file information concerning the effectiveness of revisions made to the calculation of the Expected Gas Cost (EGC) component of the quarterly Gas Cost Recovery (GCR) filing. Delta has monitored the changes and their effectiveness in addressing Delta's under/over-recoveries of gas cost through its GCR mechanism. These changes were implemented in Delta's February 2012 GCR filing and as of November 2013 will have been recovered through the GCR's Actual Adjustment (AA) for a full twelve months.

The EGC calculation changes made previously appear to have helped to address recovery. For the twelve months ended July 2013, the aggregate of Delta's AA under recovery in the GCR mechanism has decreased approximately \$1,100,000, as compared to the twelve months ended July 2012, in spite of increasing commodity prices and experiencing a colder than normal winter. Although the changes made to the GCR mechanism have been in effect for a single twelve month operating cycle, Delta believes more operating cycles should be evaluated to conclude on the long-term usefulness of the changes to address more timely recovery of gas cost. Delta intends to continue monitoring and analyzing the changes to the GCR mechanism.

Please acknowledge receipt of this filing by stamping the extra copy of this letter and returning to Delta in the envelope provided.

Sincerely,

Matthew D. Wesolosky  
Vice President - Controller