

Delta Natural Gas Company, Inc.



3617 Lexington Road Winchester, Kentucky 40391-9797

> PHONE: 859-744-6171 FAX: 859-744-3623

June 28, 2004

Ms. Beth O'Donnell Executive Director Public Service Commission P O Box 615 Frankfort, KY 40602 RECEIVED

JUN 2 9 2004

POMMISSION

RE: Case No. 2004-00067

Dear Ms. O'Donnell:

In response to the Initial Request for Information of the Attorney General – Item 27 regarding Delta's pension expenses, Delta has previously provided information from its actuary as requested. Delta today received the actuary report for fiscal year ending June 30, 2005 (plan year 3/31/05) and we are hereby providing nine copies of this supplemental information.

Sincerely,

Gonnie King Connie King

Director - Rates & Treasury

copy: Hon. Elizabeth Blackford Assistant Attorney General

> Leslye M. Bowman Director of Litigation LFUCG



Delia Natural Gas Company, Inc.



3617 Lexington Road Winchester, Kentucky 40391-9797

> PHONE: 859-744-6171 FAX: 859-744-3623

June 28, 2004

Ms. Beth O'Donnell **Executive Director Public Service Commission** P O Box 615 Frankfort, KY 40602

JIM 2 9 7004

RE: Case No. 2004-00067

Dear Ms. O'Donnell:

In response to the Initial Request for Information of the Attorney General - Item 27 regarding Delta's pension expenses, Delta has previously provided information from its actuary as requested. Delta today received the actuary report for fiscal year ending June 30, 2005 (plan year 3/31/05) and we are hereby providing nine copies of this supplemental information.

Sincerely,

Connie King

Director - Rates & Treasury

copy: Hon. Elizabeth Blackford Assistant Attorney General

> Leslye M. Bowman Director of Litigation **LFUCG**

ASSUMPTIONS

	PROJECTED 3/31/05	(11,472,455)	517.062	0 (1,112,124) 3,531,815	2,936,753
	FOR FISCAL 2004-2005				
3/31/04 6.00% 5.75% 8.00% 4.00% 15 Years 3/31/04	ACTUAL 3/31/04	(10,267,056) 10,450,066	183,010	0 (1,198,303) 3,709,444	2,694,151
Discount Rate - Pre-Retirement Discount Rate - Post-Retirement Expected Long Term Rate of Return Rate of Increase in Compensation Average Remaining Future Service Measurement Date	FUNDED STATUS	Projected Benefit Obligation Plan Assets at Fair Value	Funded Status	Unrecognized Net Obligation or (Asset) Existing at Transition Unrecognized Prior Service Cost Unrecognized Net (Gain) or Loss	(Accrued) or Prepaid Pension Cost

Service Cost Interest Cost	714,801	RECONCILIATION		
Appeared weulth on Assets	863,061	(Accrued) / Prepaid Pension Cost at	3/31/04	2,694,151
Unrecognized Net Obligation or (Asset)		Net Periodic Pension Expense (Income)		555,560
Unrecognized Prior Service Cost		Company Contributions		798,162
omecognized Net (Gam) or Loss	177,629	(Accrued) / Prepaid Pension Cost at	3/31/05	2.936.753
Net Pension Expense (Income)	555,560			

ASSUMPTIONS

	PROJECTED 3/31/05	(11,472,455)	517,062	0 (1,112,124) 3.531.815	2,936,753
ears	FOR FISCAL 2004-2005				
3/31/04 6.00% 5.75% 8.00% 4.00% 15 Years 3/31/04	ACTUAL 3/31/04	(10,267,056) 10,450,066	183,010	0 (1,198,303) 3,709,444	2,694,151
Discount Rate - Pre-Retirement Discount Rate - Post-Retirement Expected Long Term Rate of Return Rate of Increase in Compensation Average Remaining Future Service Measurement Date	FUNDED STATUS	Projected Benefit Obligation Plan Assets at Fair Value	Funded Status	Unrecognized Net Obligation or (Asset) Existing at Transition Unrecognized Prior Service Cost Unrecognized Net (Gain) or Loss	(Accrued) or Prepaid Pension Cost

Service Cost Interest Cost	714,801	RECONCILIATION		
LAPOCEOU REILLI ON ASSETS	863,061	(Accrued) / Prepaid Pension Cost at	3/31/04	2,694,151
Amortization of: Unrecomized Net Obligation and Amortization		Net Periodic Pension Expense (Income)		()
Existing at Transition				225,560
Unrecognized Prior Service Cost		Company Contributions		798.162
Unrecognized Net (Gain) or Loss	(80,1/9)			
	1//,029	(Accrued) / Prepaid Pension Cost at	3/31/05	2,936,753
Net Pension Expense (Income)	555,560			

ASSUMPTIONS

	FOR FISCAL PROJECTED 3/31/05		517.062	0 (1,112,124) 3.531.815	2,936,753
3/31/04 6.00% 5.75% 8.00% 4.00% 15 Years 3/31/04	ACTUAL 3/31/04	(10,267,056) 10,450,066	183,010	0 (1,198,303) 3,709,444	2,694,151
Discount Rate - Pre-Retirement Discount Rate - Post-Retirement Expected Long Term Rate of Return Rate of Increase in Compensation Average Remaining Future Service Measurement Date	FUNDED STATUS	Projected Benefit Obligation Plan Assets at Fair Value	Funded Status	Unrecognized Net Obligation or (Asset) Existing at Transition Unrecognized Prior Service Cost Unrecognized Net (Gain) or Loss	(Accrued) or Prepaid Pension Cost

	2,694,151	555,560	798,162	2,936,753	
	3/31/04			3/31/05	
RECONCILIATION	(Accrued) / Prepaid Pension Cost at	Net Periodic Pension Expense (Income)	Company Contributions	(Accrued) / Prepaid Pension Cost at	
714,801 612,370	863,061		0 (86,179)	177,629	555,560
Service Cost Interest Cost Expected Return on Apple	Amortization of	Unrecognized Net Obligation or (Asset)	Unrecognized Prior Service Cost	checognized (vet (Gain) or Loss	Net Pension Expense (Income)

ASSUMPTIONS

	PROJECTED 3/31/05	(11,472,455)	517.062	0 (1,112,124) 3 531 815	2,936,753
	FOR FISCAL 2004-2005				
3/31/04 6.00% 5.75% 8.00% 4.00% 15 Years 3/31/04	ACTUAL 3/31/04	(10,267,056) 10,450,066	183,010	0 (1,198,303) 3,709,444	2,694,151
Discount Rate - Pre-Retirement Discount Rate - Post-Retirement Expected Long Term Rate of Return Rate of Increase in Compensation Average Remaining Future Service Measurement Date	FUNDED STATUS	Projected Benefit Obligation Plan Assets at Fair Value	Funded Status	Unrecognized Net Obligation or (Asset) Existing at Transition Unrecognized Prior Service Cost Unrecognized Net (Gain) or Loss	(Accrued) or Prepaid Pension Cost

	2,694,151	555,560	798,162	2,936,753	
	3/31/04			3/31/05	
RECONCILIATION	(Accrued) / Prepaid Pension Cost at	Net Periodic Pension Expense (Income)	Company Contributions	(Accrued) / Prepaid Pension Cost at	
714,801 612,370	863,061		0 (86,179)	177,629	555,560
Service Cost Interest Cost Expected Return on Assets	Amortization of:	Unrecognized Net Obligation or (Asset)	Unrecognized Prior Service Cost	Net Borning 1 to (Odli) of Loss	ivet rension Expense (Income)

~
•
_
_
_
_
_
-
-
-
-
_
-
_
_
7.2
-

	FOR FISCAL PROJECTED 3721/05	1	517.062	0 (1,112,124) 3 5 3 1 8 1 6	2,936,753
3/31/04 6.00% 5.75% 8.00% 4.00% 15 Years 3/31/04	ACTUAL FOR F 3/31/04 2004	(10,267,056) 10,450,066	183,010	0 (1,198,303) 3,709,444	2,694,151
Discount Rate - Pre-Retirement Discount Rate - Post-Retirement Expected Long Term Rate of Return Rate of Increase in Compensation Average Remaining Future Service Measurement Date	FUNDED STATUS	Projected Benefit Obligation Plan Assets at Fair Value	Funded Status	Unrecognized Net Obligation or (Asset) Existing at Transition Unrecognized Prior Service Cost Unrecognized Net (Gain) or Loss	(Accrued) or Prepaid Pension Cost

NET PERIODIC PENSION EXPENSE

	2,694,151	555,560	798,162	2,936,753	
	3/31/04			3/31/05	
RECONCILIATION	(Accrued) / Prepaid Pension Cost at	Net Periodic Pension Expense (Income)	Company Contributions	(Accrued) / Prepaid Pension Cost at	
714,801 612,370	863,061			177,629	555 560
Service Cost Interest Cost Expected Return on Assets	Amortization of:	Unrecognized Net Obligation or (Asset)	Unrecognized Not (Cair)	To the state of th	Net Pension Expense (Income)

555,560

ASSUMPTIONS

	PROJECTED 3/31/05	(11,472,455)	\$17.062	0 (1,112,124) 3 531 815	2,936,753
ears	FOR FISCAL 2004-2005				
3/31/04 6.00% 5.75% 8.00% 4.00% 15 Years 3/31/04	ACTUAL 3/31/04	(10,267,056) 10,450,066	183,010	0 (1,198,303) 3,709,444	2,694,151
Discount Rate - Pre-Retirement Discount Rate - Post-Retirement Expected Long Term Rate of Return Rate of Increase in Compensation Average Remaining Future Service Measurement Date	FUNDED STATUS	Projected Benefit Obligation Plan Assets at Fair Value	Funded Status	Unrecognized Net Obligation or (Asset) Existing at Transition Unrecognized Prior Service Cost Unrecognized Net (Gain) or Loss	(Accrued) or Prepaid Pension Cost

714,801 RECONCILIATION 612,370	863,061 (Accrued) / Prepaid Pension Cost at 3/31/04 2,694,151	Net Periodic Pension Expense (Income) 555,560	0 Company Contributions (86,179)	177,629 (Accrued) / Prepaid Pension Cost at 3/31/05 2,936,753	555,560
Service Cost Interest Cost Expected Rehim on A sants	Amortization of:	Unrecognized Net Obligation or (Asset)	Unrecognized Prior Service Cost Unrecognized Net (Caix)	New York (Cam) of Loss	ivet rension Expense (Income)

70
•
-
~
_
_
_
_
A
$\overline{}$
-
_
$\overline{}$
(I)
7.21
un
_

								3/31/04			3/31/05	
	PROJECTED 3/31/05	(11,472,455) 11,989,517	\$17.062	0 (1,112,124) 3 5 21 9 15	2,936,753		RECONCILIATION	(Accrued) / Prepaid Pension Cost at	Net Periodic Pension Expense (Income)	Company Contributions	(Accrued) / Prepaid Pension Cost at	
	FOR FISCAL 2004-2005						714,801	863,061		0 (86,179)	177,629	555,560
3/31/04 6.00% 5.75% 8.00% 4.00% 15 Years 3/31/04	ACTUAL 3/31/04	(10,267,056) 10,450,066	183,010	0 (1,198,303) 3,709,444	2,694,151						i	1
Discount Rate - Pre-Retirement Discount Rate - Post-Retirement Expected Long Term Rate of Return Rate of Increase in Compensation Average Remaining Future Service Measurement Date	FUNDED STATUS	ri yeued Benefit Obligation Plan Assets at Fair Value	Funded Status	Unrecognized Net Obligation or (Asset) Existing at Transition Unrecognized Prior Service Cost Unrecognized Net (Gain) or Loss	(Accrued) or Prepaid Pension Cost	NET PERIODIC PENSION EXPENSE	Service Cost Interest Cost Expected Return on Assets	Amortization of	Unrecognized Net Obligation or (Asset) Existing at Transition	Unrecognized Prior Service Cost Unrecognized Net (Gain) or 1	Section (Cam) of Loss	ivet Fension Expense (Income)

2,694,151

555,560

798,162

2,936,753

S
-
Z
0
5
ايم
≥
_
2
77
اري
m
ات

	L PROJECTED		11,989,517	0 (1,112,124)	3,531,815 2,936,753
99	FOR FISCAL 2004-2005				
3/31/04 6.00% 5.75% 8.00% 4.00% 15 Years 3/31/04	ACTUAL 3/31/04	(10,267,056) 10,450,066	183,010	0 (1,198,303) 3,709,444	2,694,151
Discount Rate - Pre-Retirement Discount Rate - Post-Retirement Expected Long Term Rate of Return Rate of Increase in Compensation Average Remaining Future Service Measurement Date	FUNDED STATUS	Projected Benefit Obligation Plan Assets at Fair Value	Funded Status	Unrecognized Net Obligation or (Asset) Existing at Transition Unrecognized Prior Service Cost Unrecognized Net (Gain) or Loss	(Accrued) or Prepaid Pension Cost

714,801 RECONCILIATION 612,370		et Obligation or (Asset) Net Periodic Pension Expense (Income) 555,560	ior Service Cost (86,179) (86,179)		555.560
Service Cost Interest Cost Expected Return on Assets	Amortization of:	Unrecognized Net Obligation or (Asset) Existing at Transition	Unrecognized Prior Service Cost Unrecognized Net (Gain) or 1	Net Dengion Europe (2	t custom Expense (Income)

ASSUMPTIONS

	PROJECTED 3/31/05	(11,472,455)	517.062	0 (1,112,124) 3 531 815	2,936,753
ears	FOR FISCAL 2004-2005				
3/31/04 6.00% 5.75% 8.00% 4.00% 15 Years 3/31/04	ACTUAL 3/31/04	(10,267,056) 10,450,066	183,010	0 (1,198,303) 3,709,444	2,694,151
Discount Rate - Pre-Retirement Discount Rate - Post-Retirement Expected Long Term Rate of Return Rate of Increase in Compensation Average Remaining Future Service Measurement Date	FUNDED STATUS	Projected Benefit Obligation Plan Assets at Fair Value	Funded Status	Unrecognized Net Obligation or (Asset) Existing at Transition Unrecognized Prior Service Cost Unrecognized Net (Gain) or Loss	(Accrued) or Prepaid Pension Cost

NET PERIODIC PENSION EXPENSE

Service Cost Interest Cost Expected Return on Access	714,801	RECONCILIATION		
Amortization of:	863,061	(Accrued) / Prepaid Pension Cost at	3/31/04	2,694,151
Unrecognized Net Obligation or (Asset)		Net Periodic Pension Expense (Income)		555,560
Unrecognized Prior Service Cost	0 (86.179)	Company Contributions		798,162
Carol (Gall) of Loss	177,629	(Accrued) / Prepaid Pension Cost at	3/31/05	2.936 753
Net Pension Expense (Income)	555 560			

555,560