



Delta Natural Gas Company, Inc.



3617 Lexington Road
Winchester, Kentucky 40391-9797

PHONE: 859-744-6171

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July 3, 2007

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

RECEIVED

JUL 6 2007

PUBLIC SERVICE
COMMISSION

RE: Case No. 2007-00154

Dear Ms. O'Donnell:

Enclosed herewith are the original and five copies of Delta's response to the first data request of the Commission Staff dated June 25, 2007 in the above-styled case.

Sincerely,

Connie King

Connie King
Manager - Corporate & Employee Services

copy: Dennis Howard
Assistant Attorney General

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2007-00154

FIRST DATA REQUEST OF COMMISSION STAFF
DATED 6/25/07

1. Refer to letter of June 13, 2007 from Glenn Jennings to Beth O'Donnell.
 - a. Explain in detail Mr. Jennings's statement that Delta is willing to "...continue our company contribution of \$30,000.00, but we anticipate recovery of said amount in rates in the future."
 - b. Explain why Delta cannot offer a weatherization program for enrollees.

Response:

- a. Delta has included this amount in its current rate filing (Case No. 2007-00089) since it is known, fixed and determinable and is also an annual recurring amount. Delta is willing to continue the EAP if we are allowed to recover our company expense in rates in the futures as requested in the above referenced case.
- b. Delta is not staffed to offer a weatherization program for enrollees.

Responsible Witness:

Glenn R. Jennings

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2007-00154

FIRST DATA REQUEST OF COMMISSION STAFF
DATED 6/25/07

2. Refer to the Energy Assistance Program Reconciliation spreadsheet on page one of the EAP Evaluation Report.
 - a. Why are \$132.93 reflected for 06/06, \$166.43 for 07/06 and \$4.75 for 08/06 on the Energy Assistance Payments line?
 - b. In 2006, Delta paid \$13,158.25 in fees to Community Action Council ("CAC"). What amount of administrative fees does Delta expect to pay to CAC for 2007?

RESPONSE:

- a. The amounts reflected for Energy Assistance Payments 06/06, 07/06 and 08/06 represent payment reversal activities for these months due to credit balances on closing bills resulting from Energy Assistance Payments. These credit balances are applied back to the plan and the slots are then filled by new enrollees.
- b. Delta expects to pay CAC \$11,835 for 2007, based upon discussion with CAC.

Responsible Witness:

Connie King

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2007-00154

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3. Refer to page 12 of the June 13, 2007 EAP Evaluation Report which shows a breakdown of enrollees by county. Is Delta satisfied with the distribution of enrollees throughout its territory? Explain.

RESPONSE:

Based on the number of customers and enrollees in each of Delta's service areas, we are satisfied that CAC administered the program to make it available fairly to customers in Delta's service areas.

Responsible Witness:

Connie King

**DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2007-00154**

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DATED 6/25/07**

4. Section III, paragraph 2 of the Interagency Agreement states that CAC will provide an invoice for administrative costs by the 10th of the month and within 30 days thereafter. Delta received one bill in 2006 and it appears that Delta will receive just one bill for 2007. Explain why this section of the contract is not being followed.

RESPONSE:

Delta Gas and CAC agree that one annual payment meets the needs of both parties and is the most cost effective means of payment.

Responsible Witness:

Connie King

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CASE NO. 2007-00154

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5. In its Order of May 29, 2007, the Commission requested that Delta submit an explanation of CAC's accounting for program costs be provided in the EAP evaluation. State where such explanation is located in the June 13, 2007 report. If the information is not included in the report, provide.

RESPONSE:

See attached copy of CAC's billing, which details the breakdown of the costs. This provides CAC's accounting for program costs.

Responsible Witness:

Connie King



COMMUNITY ACTION COUNCIL

for
Lexington-Fayette, Bourbon, Harrison & Nicholas Counties, Inc.
P.O. Box 11610
Lexington, KY 40576

7/17

TO: Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391
Attention: Denisa King

Lexington
CATS

(859) 233-4600
1-800-548-2287

DATE	SERVICE	AMOUNT	
June 30, 2006	Enrollment Fees (255 participants @ \$25)	\$6,375	00
	Information Technology Modifications Development	2,000	00
	Program Manager (Salary & Fringe Benefits)	3,511	40
	Administration (Indirect Costs)	1,271	85
	(Revised Billing) Administration Fees for Delta's Energy Assistance Program		
TOTAL		\$13,158	25

Ex

DEPARTMENT: Fund #318-01-001-00-4152.00

Executive Director

7.11.06
Date

DK

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6. The EAP program provides for 255 participants. How many prospective participants were rejected each month in each community?

RESPONSE:

No prospective participants were rejected in each community.

Responsible Witness:

Connie King

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7. State the change in uncollectible accounts, if any, in total amount and in percentage of total accounts, since Delta initiated the EAP program.

RESPONSE:

Net uncollectible write offs from May, 2006 through April, 2007 were \$548,368, or .95% of gas revenues, compared to \$530,408, or .77% of gas revenues, for the prior year.

Responsible Witness:

Glenn R. Jennings