



**Delta Natural Gas Company, Inc.**

3617 Lexington Road  
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PHONE: 859-744-6171

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July 28, 2010



**RECEIVED**

**JUL 29 2010**

**PUBLIC SERVICE  
COMMISSION**

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P O Box 615  
Frankfort, KY 40602-0615

RE: An Investigation of Natural Gas Retail  
Competition Programs – Case No. 2010-00146

Dear Mr. Derouen:

Enclosed are the original and ten (10) copies of the Response to First Commission Staff Information Request, Response to Retail Energy Supply Association's Initial Data Request, Response to Information Request of Interstate Gas Supply, Inc., Southstar Energy Services, LLC and Vectren Source and Response to Stand Energy Corporation's First Request for Information in the above referenced matter.

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

Sincerely,

*Connie King*

Connie King

Manager – Corporate & Employee Services

copy: Parties of Record

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**

**JUL 29 2010**

**PUBLIC SERVICE  
COMMISSION**

**IN THE MATTER OF:**

**AN INVESTIGATION OF NATURAL GAS )  
RETAIL COMPETITION PROGRAMS )**

**CASE NO. 2010-00146**

**RESPONSE TO FIRST COMMISSION STAFF  
INFORMATION REQUEST TO  
DELTA NATURAL GAS COMPANY, INC.**

**JULY 29, 2010**

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**AN INVESTIGATION OF NATURAL GAS        )**  
**RETAIL COMPETITION PROGRAMS        )**       **CASE NO. 2010-00146**

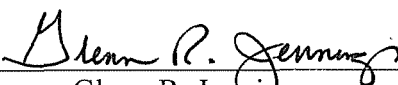
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**CERTIFICATION**

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The undersigned, Glenn R. Jennings, states that he is Chairman of the Board, President and Chief Executive Officer of Delta Natural Gas Company, Inc., a corporation, ("Delta") and certifies that he supervised the preparation of the responses of Delta to the Commission Staff's First Information Request to Delta in the Order dated July 15, 2010 in the above styled case and that the responses are true and accurate to the best of the undersigned's knowledge, information and belief formed after a reasonable inquiry.

Dated this 28th day of July, 2010.

  
\_\_\_\_\_  
Glenn R. Jennings

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**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO. 2010-00146**

**RESPONSE TO FIRST COMMISSION  
STAFF INFORMATION REQUEST  
JULY 15, 2010**

1. Refer to the Direct Testimony of Glenn R. Jennings ("Jennings Testimony"), page 12, beginning at line 19.
  - a. Have any small-volume customers contacted Delta within the past five years expressing interest in having a choice in gas supplier? If yes, how many and over what period of time?
  - b. Explain why offering small-volume customers a choice in gas supplier would cause "complete upheaval of the gas industry in Kentucky," assuming that the utility were the supplier of last resort and that adequate consumer protections were in place.

Response:

- a. Delta does not have detailed records of such requests, but there have been a few customers over the years who contacted the Company asking about transportation of natural gas purchased from others. Inquiries were from small commercial customers and estimates were numbers in the range of 5 more or less. The Company is not aware of any residential customers making requests.
- b. The complete upheaval is the sea change on who the customers look to for service and what would happen when problems occur. Customers now look to Delta and other LDCs for their gas needs. If retail choice occurs at the residential level, Delta believes it will be very confusing to customers. Gas supplies would need to be arranged with alternate suppliers. There could be inadequate supplies and poor customer information. If customers pay more for gas from suppliers other than Delta, customer dissatisfaction could result. Complaints will be addressed to Delta, the Commission and legislators. Despite supplier of last resort and consumer protections, dissatisfaction and confusion could reign.

Delta is very concerned that customers could be disappointed and become discouraged with natural gas as an energy source if it becomes too confusing, too inconvenient to them or costs more. Customers could then switch permanently to other energy supplies. Losing customers because of potential impacts from such a program is a negative result, not a positive one. Delta seeks always to provide excellent customer service and to have satisfied customers. This expansion of retail choice could result in customers being dissatisfied. If they become dissatisfied with their supplier, this could easily carry over to Delta. Then, despite all efforts to provide excellent service, customers could switch to other energy supplies because of things outside Delta's control.

Sponsoring Witness:

Glenn R. Jennings

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2010-00146**

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JULY 15, 2010**

2. Refer to page 14 of the Jennings Testimony. Explain, specifically, what higher costs for existing customers have been demonstrated in Columbia Gas of Kentucky's pilot program.

Response:

According to information filed by Columbia of Kentucky with the Commission, under the Columbia pilot program customers have paid over \$17 million more to marketers for gas than they would have paid had they purchased the gas under Columbia's tariffs.

Sponsoring Witness:

Glenn R. Jennings

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3. Refer to page 15 of the Jennings Testimony. Under what circumstances does Delta believe it could determine that retail choice programs are necessary, feasible and in the overall best interests of its customers?

Response:

Delta struggles to envision such circumstances at this point. The only Kentucky experience has been costly for customers. See the response to Item No. 2 of the Commission Staff's First Information Request herein. Delta is thus not persuaded that small volume customer retail choice would be best for its customers. That is the acid test of any change such as this, and the paramount question that must be addressed. So far, others' results point to downside, not upside, for Delta's customers.

Sponsoring Witness:

Glenn R. Jennings