

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

RATE ADJUSTMENT OF)
DELTA NATURAL GAS)
COMPANY)

CASE NO. 8528

O R D E R

IT IS ORDERED that Delta Natural Gas Company shall file an original and six copies of the following information with the Commission, with a copy to all parties of record, by July 9, 1982. Each copy of the data requested should be placed in a bound volume with each item tabbed. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to insure that it is legible. For an applicant operating exclusively in Kentucky, the terms total company and Kentucky have identical meanings. Therefore, such an applicant should only provide one set of figures where both terms are used.

The information requested herein should be supplied separately for Delta Natural Gas and its subsidiary, Laurel Valley Pipeline Company. Moreover, Delta shall furnish the name of the witness who will be responsible for responding to questions concerning each area of information outlined below.

Staff Request No. 1

1. a. In comparative form, a total company income statement, a statement of changes in financial position and a balance sheet for the test year and the 12-month period immediately preceding the test year.
b. A detailed statement (show net income) for the Kentucky gas operation for the test year.
2. A trail balance as of the last day of the test year (all income statement accounts should show activity for 12 months) showing account number, account title, and amount. Show the balance in each control and all underlying subaccounts per company books.
3. a. The balance in each current asset and each current liability account and subaccount included in the applicant's chart of accounts by months for the test year. Additionally, show total current assets, total current liabilities and the net current position by months, annually, and the 13-month average for the test year. Provide a reconciliation of current assets, current liabilities and net current position provided in response to the above with the current assets and current liabilities as shown on the balance sheet for each month of the test year.

- b. A calculation of total company average (13 month) and end-of-period debt, preference and preferred stock, and common equity capital for the test year in the format as shown in Format 3B to this request.
- c. A calculation of the average (13 month) and end-of-period long-term debt composite interest and preferred stock costs for the 12 months of the test year. Supporting details underlying calculations should be provided. (The average long-term debt composite interest cost is calculated by dividing the sum of book interest accrued on long-term debt and related amortization of discount, premium, and issuance cost by average long-term debt as calculated in Format 3B, column c, line 15).

4. List each general office account (asset, reserve, and expense accounts) covering the 12 months of the test year. If any amounts were allocated, provide a calculation of the factor used to allocate each amount.

5. The following monthly account balances and a calculation of the average (13 month) account balances for the test year.

- a. Plant in service (Account 101)
- b. Plant purchased or sold (Account 102)
- c. Property held for future use (Account 105)

- d. Construction work in progress (Account 107)
- e. Completed construction not classified (Account 106)
- f. Depreciation reserve (Account 108)
- g. Plant acquisition adjustment (Account 114)
- h. Amortization of utility plant acquisition adjustment
(Account 115)
- i. Materials and supplies (include all accounts and
subaccounts)
- j. Balance in accounts payable applicable to each
account in a, d and i above. (If actual is inde-
terminable, give reasonable estimate)
- k. Unamortized investment credit - Pre-Revenue Act of
1971
- l. Unamortized investment credit - Revenue Act of 1971
- m. Accumulated deferred income taxes
- n. Computation and development of minimum cash re-
quirement
- o. Balance in accounts payable applicable to amounts
included in utility plant in service (If actual is
indeterminable, give reasonable estimate)
- p. Balance in accounts payable applicable to amounts
included in plant under construction (If actual is
indeterminable, give reasonable estimate)
- q. Short-term borrowing
- r. Interest on short-term borrowings (expense)
- s. A summary of customer deposits as shown in Format 5S
to this request.

6. Provide copies of all current labor contracts and agreements and copies of the most recent contracts and agreements previously in effect.

7. a. A schedule showing a comparison of the balance in the Kentucky retail revenue accounts for each month's activity during the test year to the same month of the preceding year for each revenue account or sub-account included in the applicant's chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the month the full increase was recorded in the accounts. See Format 7.

8. a. A schedule showing a comparison of the balance in the operating expense accounts for each month of the test year to the same month of the preceding year for each account or subaccount included in the applicant's chart of accounts. See Format 7.

b. A schedule of total company salaries and wages for the test year and each of the 5 calendar years preceding the test year in the format as shown in Format 8B to this request.

9. Provide the following information for each item of gas property held for future use at the end of the test year:

a. Description of property

- b. Location
- c. Date purchased
- d. Cost
- e. Estimated date to be placed in service
- f. Brief description of intended use
- g. Current status of each project

10. Schedules in comparative form showing by months for the test year and the year preceding the test year the total company balance in each gas plant and reserve account or subaccount included in the applicant's chart of accounts as shown in Format 10.

11. Provide the journal entries relating to the purchase of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise since the end of the test period in the last rate case. Also, a schedule showing the calculation of the acquisition adjustment at the date of purchase of each item of gas plant, the amortization period, and the unamortized balance at the end of the test year.

12. The detailed workpapers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

13. A schedule showing a comparison by month the total company and Kentucky revenue accounts for each month of the test year to the same month of the preceding year for each revenue account or subaccount included in the applicant's chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the month the full increase was recorded in the accounts. See Format 10

14. Provide a detailed analysis of expenses incurred during the test year for professional services as shown in Format 14 and all working papers supporting the analysis. At minimum, the working papers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the service provided.

15. a. A schedule showing a comparison of the balance in the total company and Kentucky operating expense accounts for each month of the test year to the same month of the preceding year for each account or subaccount included in the applicant's chart of accounts. See Format 10

b. A schedule in comparative form showing the total company and Kentucky operating expense account balance for the test year and each of the 5 years preceding the test year for each account or subaccounts included in the applicant's annual report. Show the percentage of increase of each year over the prior years.

- c. A schedule of total company salaries and wages for the test year and each of the 5 calendar years preceding the test year in the format as shown in Format 15C to this request.
- d. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the 5 preceding years.

16. The following tax data for the test year for total company and Kentucky:

a. Income taxes:

- (1) Federal operating income taxes deferred - accelerated tax depreciation
- (2) Federal operating income taxes deferred - other (explain)
- (3) Federal income taxes - operating
- (4) Income credits resulting from prior deferrals of Federal income taxes
- (5) Investment tax credit net
 - (i) Investment credit realized
 - (ii) Investment credit amortized - Pre-Revenue Act of 1971
 - (iii) Investment credit amortized - Revenue Act of 1971

- (6) Provide the information in (1) through (4) for state income taxes
- (7) Reconciliation of book to taxable income as shown in Format 16A(7) and a calculation of the book federal and state income tax expense for the test year using book taxable income as the starting point
- (8) A copy of federal and state income tax returns for the taxable year ended during the test year including supporting schedules (three copies required)

b. An analysis of Kentucky other operating taxes in the format as shown in Format 15B to this request.

17. A schedule of total company net income per MCF sold per company books for the test year and the 5 years preceding the test year. This data should be provided in the format as shown in Format 17 to this request.

18. The comparative operating statistics in Format 18 to this request.

19. A schedule of total company average gas plant in service per MCF sold by account per company books for the test year and the 5 calendar years preceding the test year. This data should be provided in the format as shown in Format 19 to this request.

20. A statement of gas plant in service per company books for the test year. This data should be presented in the format as shown in Format 20 to this request.

21. a. A detailed analysis of all charges booked during the test period for advertising expenditures.

This analysis should include a complete breakdown of Account 913 - Advertising Expenses, as shown in Format 21A attached and further should show any other advertising expenditures included in any other expense accounts. The analysis should be specific as to the purpose of the expenditure and the expected benefit to be derived.

b. An analysis of Account 930 - Miscellaneous General Expenses, for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 21B and further provide all detailed working papers supporting this analysis. As a minimum, the work papers should show the date, vendor, reference (i.e. voucher no., etc.), dollar amount and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 21B attached.

c. An analysis of Account 426 - Other Income Deductions for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 21C, and further provide all detailed working papers supporting this analysis. As a minimum the work papers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 21C attached.

22. A detailed analysis of contributions for charitable and political purposes (in cash or services); if any, recorded in accounts other than Account 426. This analysis should indicate the amount of the expenditure, the recipient of the contribution and the specific account charged.

23. A statement describing the applicant's lobbying activities and a schedule showing the name of the individual, his salary, and all company-paid or reimbursed expenses or allowances and the account charged for all personnel for whom a principal function is that of lobbying, whether it be lobbying on the local, state, or national level.

24. A schedule showing for the test year and the year preceding the test year with each year shown separately the following information regarding the applicant's investments in subsidiaries and joint ventures:

- a. Name of subsidiary or joint venture
- b. Date of initial investment
- c. Amount and type of investment made for each of the 2 years included in this schedule.
- d. Balance sheet and income statement for the test year and the year preceding the test year. Where only internal statements are prepared, furnish copies of these.
- e. Show on separate schedule all dividends or income of any type received by applicant from its subsidiaries or joint ventures for each of the 2 years and indicate how this income is reflected in the reports filed with the Commission and the stockholder reports.
- f. Name of officers of each of the subsidiaries or joint ventures, officers' annual compensation, and portion of compensation charged to the subsidiary or joint venture. Also, indicate the position each officer holds with the applicant and the compensation received from the applicant.

25. Provide a detailed analysis of the retained earnings account for the test period and the 12-month period immediately preceding the test period.

26. Provide the following with regard to uncollectible accounts for the test year and 5 preceding calendar years (taxable year acceptable) for total company:

- a. Reserve account balance at the beginning of the year
 - b. Charges to reserve account (accounts charged off)
 - c. Credits to reserve account
 - d. Current year provision
 - e. Reserve account balance at the end of the year
 - f. Percent of provision to total revenue
27. A listing of nonutility property and property taxes and account where amounts are recorded.
28. Rates of return in Format 28 to this request.
29. Employee data in Format 29 to this request.
30. A calculation of the rate or rates used to capitalize interest during construction for the test year and the 3 preceding calendar years. Provide a narrative explanation of each component entering into the calculation of this rate.
31. The information as soon as it is known, which would have a material effect on net operating income, rate base, and cost of capital which occurred after the test year and was not incorporated in the filed testimony and exhibits.
32. A detailed monthly income statement for each month after the test period including the month in which the hearing ends, as they become available.
33. a. Capital structure at the end of each calendar year for the previous 10 years
- b. Capital structure at end of the test period.

- (1) Class of capital
 - (2) Amount of each class (\$)
 - (3) Ratio of each class to total (%)
 - (4) Total capitalization (\$)
- c. Capital structure at end of latest available quarter
- d. Item 32.a, 32.b, and 32.c should include the following information:
- (1) Class of capital
 - (2) Amount of each class (\$)
 - (3) Ratio of each class to total (%)
 - (4) Total capitalization (\$)
34. a. List all outstanding issues of long-term debt as of the end of the latest calendar year and at the end of the test period. This list should include the following information for each outstanding issue of long-term debt:
- (1) Date of maturity
 - (2) Date of issue
 - (3) Amount of outstanding (\$)
 - (4) Coupon interest rate (%)
 - (5) Cost rate at issue (%)
 - (6) Cost rate to maturity (%)
 - (7) Bond rating at time of issue (Moody's, Standard & Poor's, etc.)
 - (8) Type of obligation

- b. Provide a calculations of embedded cost of long-term debt at the end of each calendar year for the previous 10 years. Also provide this calculation for the end of the test period.
35. a. List all outstanding issues of preferred stock as of end of the latest calendar year and at the end of the test period. This list should include the following information for each outstanding issue of preferred stock:
- (1) Date of issue
 - (2) Amount sold (\$)
 - (3) Amount outstanding (\$)
 - (4) Dividend rate
 - (5) Convertibility features if any
 - (6) Cost rate at issue (%)
- b. Provide calculations of embedded cost calculations of preferred stock at the end of each of the previous 10 years. Also, provide this calculation for the end of the test period.
36. a. Provide a listing of all issues of common stock in the primary market during the most recent 10-year period. On this list, provide the following information:
- (1) Date of issue
 - (2) Number of shares issued
 - (3) Date of announcement and registration

- (4) Price per share (net to company) (\$)
 - (5) Book value per share at time of issue (\$)
 - (6) Selling expenses as % of gross issue amount
 - (7) Net proceeds to company
 - (8) Price per share to the public
- b. Provide the following information on a quarterly and yearly basis for the most recent 10-year period available, through the latest available quarter (Item 5) and (6) refer to yearly figures only.)
- (1) Average number of shares of common outstanding
 - (2) Book value at end of quarter (year)
 - (3) Quarterly (yearly) earnings per share
 - (4) Declared quarterly (yearly) dividend rate per share
 - (5) Rate of return on average common equity
 - (6) Rate of return on year-end common equity
- c. Provide monthly market price figures for common stock for each month during the most recent 10-year period. Include the following:
- (1) Monthly high price
 - (2) Monthly low price
 - (3) Note all stock splits by date and type

37. a. Provide figures showing computation of fixed charge coverage ratio (SEC Method, PRETAX, including Short Term Debt payments) at the end of each of the 10 most prior years.
38. A listing of present or proposed research efforts dealing with the pricing of gas and the current status of such efforts.
39. a. A schedule of the present and proposed rates, charges, terms and conditions, and service rates and regulations which the applicant seeks to change, shown in comparative form.
 - b. A detailed analysis of customers' bills, adjusted to actual usage and in such detail that the revenues from the present and proposed rates can be readily determined.
 - c. A schedule of test year revenues for each rate schedule per book rates, present rates annualized, and proposed rates annualized.
 - d. A schedule setting forth the effect upon average consumer bills.
 - e. A statement setting forth estimates of the effect that the new rate or rates will have upon the revenues of the utility, the total amount of money resulting from the increase or decrease and the percentage increase or decrease.

- f. A schedule showing by customer class (i.e., residential, commercial, industrial, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each class. This schedule is to be accompanied by a statement which explains in detail the methodology or bases used to allocate the requested increase or decrease in revenue to each of the respective customer classes.
- g. A schedule showing how the increase or decrease in (f) above was further distributed to each rate charge (i.e., customer or facility charge, Mcf charge, etc.). This schedule is to be accompanied by a statement which explains, in detail, the methodology or bases used to allocate the increase or decrease.
- h. A statement showing by cross-outs and italicized inserts all proposed changes in rates, charges, terms and conditions, and service rules and regulations for each rate or charge. Copy of current tariff may be used. Item 38 should be provided where not previously included in the record.

40. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and the preceding 5 calendar years. Include the percentage annual increase and the effective date of each increase.

41. Provide an analysis of the company's expenses for research and development activities for the test year and the 5 preceding calendar years. For the test year, include the following details.

- a. Basis of fees paid to research organizations and company's portion of the total revenue of each organization. Where the contribution is monthly, provide the current rate and the effective date.
- b. Details of the research activities conducted by each organization.
- c. Details of services and other benefits provided to the company by each organization during the test year and the calendar year 1981.
- d. Total expenditures of each organization during 1981 including the basic nature of costs incurred by the organization.

42. Did any organization listed in Item 40 make any direct or indirect payments for political purposes or lobbying activities during the test year or any of the 5 preceding calendar years? If so, provide the following:

- a. Amount of payment
- b. Person or organization receiving payments
- c. Portion of the company's contribution allocated to these payments. (Provide calculations in support of this determination.)

43. Did any organization listed in Item 40 incur expenses for advertising within the definition provided in 807 KAR 5:016E? If so provide the following:

- a. A breakdown of the total cost into these categories: sales or promotional, institutional, conservation and other.
- b. Forms of media used.
- c. Portion of the company's contribution allocated to these costs. (Provide calculations in support of this determination.)

44. Any information as soon as it is known, which would have a material effect on net operating income, rate base and the cost of capital which occurred after the test period and was not incorporated in the filed testimony and exhibits.

45. How much of the rate case expense was incurred in Case No. 8256 during the test period?

Done at Frankfort, Kentucky, this 9th day of June, 1982.

PUBLIC SERVICE COMMISSION

ATTEST:


By the Commission

Secretary

Delta Natural Gas Company
Commonwealth of Kentucky

Case No. 8528

CALCULATION OF AVERAGE AND END-OF-PERIOD CAPITAL

Line No.	Item	Test Year						
		Total Capital (a)	Long-Term Debt (c)	Preferred Stock (d)	Common Stock (e)	Other Capital (f)	Retained Earnings (g)	Total Comp. Equity (h)
1.	Balance beginning of test year							
2.	1st Month							
3.	2nd Month							
4.	3rd Month							
5.	4th Month							
6.	5th Month							
7.	6th Month							
8.	7th Month							
9.	8th Month							
10.	9th Month							
11.	10th Month							
12.	11th Month							
13.	12th Month							
14.	Total (L1 through L13)							
15.	Average balance (L14 ÷ 13)							
16.	Average capitalization ratios							
17.	End-of-period capitalization ratios							

If applicable, provide an additional schedule in the above format excluding common equity in subsidiaries from total company capital structure. Show the amount of common equity excluded.

Case No. 8528

SUMMARY OF CUSTOMER DEPOSITS

Test Year

<u>Line</u> <u>No.</u>	<u>Month</u> <u>(a)</u>	<u>Receipts</u> <u>(b)</u>	<u>Refunds</u> <u>(c)</u>	<u>Balance</u> <u>(d)</u>
1.	Balance beginning of test year			
2.	1st Month			
3.	2nd Month			
4.	3rd Month			
5.	4th Month			
6.	5th Month			
7.	6th Month			
8.	7th Month			
9.	8th Month			
10.	9th Month			
11.	10th Month			
12.	11th Month			
13.	12th Month			
14.	Total (L1 through L13)			
15.	Average balance (L14 \div 13)			
16.	Amount of deposits received during test period			
17.	Amount of deposits refunded during test period			
18.	Number of deposits on hand end of test year			
19.	Average amount of deposit (L15, Column (d) \div L18)			
20.	Interest paid during test period			
21.	Interest accrued during test period			
22.	Interest rate			

Delta Natural Gas Company

Case No. 8528

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19
And the Test Year

(000's)

Line No.	Item (a)	12 Months Ended										
		5th		4th		3rd		2nd		1st		Test Year
		Amount (b)	% (c)	Amount (d)	% (e)	Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)	

1. Wages charged to expense:
2. Power production expense
3. Transmission expenses
4. Distribution expenses
5. Customer accounts expense
6. Sales expenses
7. Administrative and general expenses:
 - (a) Administrative and general salaries
 - (b) Office supplies and expense
 - (c) Administrative expense transferred-cr.
 - (d) Outside services employed
 - (e) Property insurance
 - (f) Injuries and damages

Line No.	Item (a)	12 Months Ended					Test Year
		5th	4th	3rd	2nd	1st	
		Amount	Amount	Amount	Amount	Amount	Amount
		(b)	(c)	(d)	(e)	(f)	(g)
		Amount	Amount	Amount	Amount	Amount	Amount
		(h)	(i)	(j)	(k)	(l)	(m)
7.	Administrative and general expenses (continued):						
	(g) Employee pensions and benefits						
	(h) Franchise requirements						
	(i) Regulatory commission expense						
	(j) Duplicate charges-cr. miscellaneous general expense						
	(k) Rents						
	(l) Maintenance of general plant						
8.	Total administrative and general expenses L7(a) through L7 (m)						
9.	Total salaries and wages charged expense (L2 through L6 + L8)						
10.	Wages capitalized						
11.	Total of salaries and wages						
12.	Ratio of salaries and wages charged expense to total wages (L9 ÷ L11)						
13.	Ratio of salaries and wages capitalized to total wages (L10 ÷ L11)						

NOTE: Show percent increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

Delta Natural Gas Company

Case No. 8528

Professional Service Expenses

For The Test Year

<u>Line</u> <u>No.</u>	<u>Item</u>	<u>Rate Case</u>	<u>Annual Audit</u>	<u>Other</u>	<u>Total</u>
1.	Legal				
2.	Engineering				
3.	Accounting				
4.	Other				
5.	Total				

Delta Natural Gas Company

Case No. 8528

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19
And the Test Year

(000's)

12 Months Ended

Line No.	Item (a)	Calendar Years Prior to Test Year										Test Year (l)
		5th	4th	3rd	2nd	1st	%	Amount	%	Amount	%	
		Amount (b)	% (c)	Amount (d)	% (e)	Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)	Amount (l)

1. Wages charged to expense:
2. Power production expense
3. Transmission expenses
4. Distribution expenses
5. Customer accounts expense
6. Sales expenses
7. Administrative and general expenses:
 - (a) Administrative and general salaries
 - (b) Office supplies and expense
 - (c) Administrative expense transferred-cr.
 - (d) Outside services employed
 - (e) Property insurance
 - (f) Injuries and damages

Line No.	Item (a)	12 Months Ended						Test Year (n)
		Calendar Years Prior to Test Year			Test Year			
		5th	4th	3rd	2nd	1st		
		Amount (b)	Amount (d)	Amount (f)	Amount (h)	Amount (j)	Amount (l)	
7.	Administrative and general expenses (continued):							
	(g) Employee pensions and benefits							
	(h) Franchise requirements							
	(i) Regulatory commission expense							
	(j) Duplicate charges-cr.							
	(k) Miscellaneous general expense							
	(l) Rents							
	(m) Maintenance of general plant							
8.	Total administrative and general expenses L7(a) through L7 (m)							
9.	Total salaries and wages charged expense (L2 through L6 + L8)							
10.	Wages capitalized							
11.	Total of salaries and wages							
12.	Ratio of salaries and wages charged expense to total wages (L9 ÷ L11)							
13.	Ratio of salaries and wages capitalized to total wages (L10 ÷ L11)							

NOTE: Show percent increase of each year over the prior year in columns (c), (e), (g), (i), (k), and (m).

Case No. 8528

ANALYSIS OF OTHER OPERATING TAXES

Test Year

(000's)

line

Item (a)

Charged Expense (b)

Charged to Construction (c)

Charged to 1/ Other Accounts (d)

Amount Accrued (e)

Amount Paid (f)

1. Kentucky Retail:

(a) State Income

(b) Franchise Fees

(c) Ad Valorem

(d) Payroll (Employers Portion)

(e) Other Taxes

Total Kentucky Retail (LI(a) through LI(e))

Other Jurisdictions

Total Per Socks (L2 and L3)

Explain items in this column.

RECONCILIATION OF BOOK NET INCOME AND STATE TAXABLE INCOME

Test Year

Item	Total Company		Operating	
	(a)	(b)	Kentucky Retail (d)	Other Jurisdictions (e)
Net Income per books				
Add Income taxes:				
A. Federal Income tax-Current				
B. Federal Income tax deferred-Depreciation				
C. Federal Income tax deferred-Other				
D. Investment tax credit adjustment				
E. Federal income taxes charged to other income and deductions				
F. State income taxes				
G. State income taxes charged to other income and deductions				
Total				
Flow through items:				
1. Add (itemize)				
2. Deduct (itemize)				
3. Book taxable income				
4. Differences between book taxable income and taxable income per tax return:				
5. Add (itemize)				
6. Deduct (itemize)				
7. Taxable income per return				

- OTE: (1) Provide a calculation of the amount shown on Lines through above.
(2) Provide work papers showing the calculation of straight-line tax depreciation and accelerated tax depreciation and all other work papers in support of the calculation of Federal income tax expense.
(3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

Case No. 8528
RECONCILIATION OF EOGK NET INCOME AND STATE TAXABLE INCOME
Test Year

Line No.	Item (a)	Total		Operating	
		Total Company (b)	Company Non-operating (c)	Kentucky Retail	Other Jurisdictions
1.	Net income per books				
2.	Add income taxes:				
3.	A. Federal income tax-Current				
4.	B. Federal income tax deferred-Depreciation				
5.	C. Federal income tax deferred-Other				
6.	D. Investment tax credit adjustment				
7.	E. Federal income taxes charged to other income and deductions				
8.	F. State income taxes				
9.	G. State income taxes charged to other income and deductions				
10.	Total				
11.	Flow through items:				
12.	Add (itemize)				
13.	Deduct (itemize)				
14.	Book taxable income				
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (itemize)				
17.	Deduct (itemize)				
18.	Taxable income per return				

NOTE: (1) Provide a calculation of the amount shown on lines through above.
 (2) Provide work papers showing the calculation of straight-line tax depreciation and accelerated tax depreciation and all other work papers in support of the calculation of Federal income tax expense.
 (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

Delta Natural Gas Company

Format 16B

Case No. 8528

ANALYSIS OF OTHER OPERATING TAXES

12 Months Ended

(000's)

Line No.	Item (a)	Charged Expense (b)	Charged to Construction (c)	Charged to Other Accounts I/ (d)	Amount Accrued (e)	Amount Paid (f)
1.	Kentucky Retail:					
	(a) State Income					
	(b) Franchise Fees					
	(c) Ad Valorem					
	(d) Payroll (employers Portion)					
	(e) Other Taxes					
2.	Total Kentucky Retail (L 1 (a) through L 1 (e))					
3.	Other Jurisdictions					
	Total per Books (L 2 and L 3)					
1/	Explain items in this column.					

Delta Natural Gas Company

Commonwealth of Kentucky

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NET INCOME PER MCF SOLD
(TOTAL COMPANY)

Line No.	Item (a)	12 Months Ended					Test Year (g)
		Calendar Years					
		Prior to Test Year					
		5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	
1.	<u>Operating Income</u>						
2.	Operating Revenues						
3.	<u>Operating Expense</u>						
4.	Operating Expenses						
5.	Maintenance Expenses						
6.	Depreciation Expense						
7.	Amortization and Depletion of Utility Plant						
8.	Amortization of Utility Plant Acquisition Adjustment						
9.	Amortization of Property Losses						
10.	Amortization of Conversion Expenses						
11.	Taxes Other Than Income Taxes						
12.	Income Taxes - Federal						
13.	Income Taxes - State						
14.	Income Taxes - Other						
15.	Provision for Deferred Income Taxes						
16.	Investment Tax Credit						
17.	Amortization of Investment Tax Credit						
18.	Total Operating Expenses						
19.	Net Operating Income						
20.	<u>Other Income - Net</u>						
21.	Mdse. Job and Contract Works						
22.	LP Gas Operating						
23.	Nonoperating Rental Income						
24.	Interest and Dividend Income						
25.	Allowance for Funds Used During Construction						
26.	Miscellaneous Nonoperating Income						
	Total Other Income						
27.	Total Income						
28.	Miscellaneous Income Deductions						
29.	Income Before Interest Charges						
30.	<u>Interest Charges</u>						
31.	Interest on Long-Term Debt						
32.	Amortization of Debt Discount and Expense						
33.	Amortization of Premium on Debt-Credit						
34.	Other Interest Expense						
35.	Total Interest Charges						
36.	Net Income						
37.	Net Sold						

Delta Natural Gas Company

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For the Calendar Years through
And the Test Year
(Total Company)

12 Months Ended

Item (a)	Calendar Years Prior to Test Year					Test Year						
	5th	4th	3rd	2nd	1st							
	%	%	%	%	%	%						
Cost Inc.	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Cost Inc.	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)

- Cost Per MCF of Purchased Gas
- Cost of Propane Gas Per MCF Equivalent for Peak Shaving
- Cost Per MCF of Gas Sold
- Maintenance Cost Per Transmission Mile
- Maintenance Cost Per Distribution Mile
- Sales Promotion Expense Per Customer
- Administration and General Expense Per Customer
- Wages and Salaries - Charged Expense: Per Average Employee
- Depreciation Expense: Per \$100 of Average Gross Depreciable Plant in Service
- Rents: Per \$100 of Average Gross Plant in Service
- Property Taxes: Per \$100 of Average Net Plant In Service
- Payroll Taxes: Per Average Employee Whose Salary is Charged to Expense
- Interest Expense: Per \$100 of Average Debt Outstanding
- Per \$100 of Average Plant Investment
- Per MCF Sold

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AVERAGE GAS PLANT IN SERVICE BY ACCOUNT PER MCF

For the Calendar Years Through and the Test Year
(Total Company)

Account Number	Title of Accounts (a)	12 Months Ended					Test Year (g)
		5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	

- 01 Intangible Plant
- 02 Organization
- 03 Franchises and Consents
- Miscellaneous Intangible Plant
- Total Intangible Plant

- 25.1 Production Plant
- 25.2 Natural Gas Production and Gathering Plant
- 25.3 Producing Lands
- 25.4 Producing Leaseholds
- 25.5 Gas Rights
- 26 Rights-of-Way
- 27 Other Land and Land Rights
- 28 Gas Well Structures
- 29 Field Compressor Station Structures
- 30 Field Meas. and Reg. Sta. Structures
- 31 Other Structures
- 32 Producing Gas Wells-Well Construction
- 33 Producing Gas Wells-Well Equipment
- 34 Field Lines
- 35 Field Compressor Station Equipment
- 36 Field Meas. and Reg. Sta. Equipment
- 37 Drilling and Cleaning Equipment
- 38 Purification Equipment
- 39 Other Equipment
- 40 Unsuccessful Exploration and Devel. Costs
- 41 Total Production and Gathering Plant

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AVERAGE GAS PLANT IN SERVICE BY ACCOUNT PER MCF

For the Calendar Years Through and the Test Year
(Total Company)

Account Number	Title of Accounts (a)	12 Months Ended					Test Year (g)
		5th Calendar Year (b)	4th Year (c)	3rd Year (d)	2nd Year (e)	1st Year (f)	
60	Other Storage Plant						
61	Land and Land Rights						
62	Structures and Improvements						
63	Gas Holders						
63.1	Purification Equipment						
63.2	Liquefaction Equipment						
63.3	Vaporizing Equipment						
63.4	Compressor Equipment						
63.5	Meas. and Reg. Equipment						
	Other Equipment						
	Total Other Storage Plant						
	Base Load Liquefied Natural Gas, Terminals and Processing Plant						
64.1	Land and Land Rights						
64.2	Structures and Improvements						
64.3	LNG Processing Terminal Equipment						
64.4	LNG Transportation Equipment						
64.5	Measuring and Regulating Equipment						
64.6	Compressor Station Equipment						
64.7	Communications Equipment						
64.8	Other Equipment						
	Total Base Load Liquefied Natural Gas, Terminals, and Processing Plant						
	Total Nat. Gas Storage and Proc. Plant						
	Transmission Plant						
	Land and Land Rights						
	Rights-of-Way						
	Structures and Improvements						
	Mains						

35
665.2
666
667

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AVERAGE GAS PLANT IN SERVICE BY ACCOUNT PER MCF

For the Calendar Years _____ Through _____ and the Test Year _____

(Total Company)

Account Number	Title of Accounts (a)	12 Months Ended					Test Year (g)
		Calendar Years Prior to Test Year	5th (b)	4th (c)	3rd (d)	2nd (e)	

- 50 Other Storage Plant
- 51 Land and Land Rights
- 52 Structures and Improvements
- 53 Gas Holders
- 54 Purification Equipment
- 55 Liquefaction Equipment
- 56 Vaporizing Equipment
- 57 Compressor Equipment
- 58 Meas. and Reg. Equipment
- 59 Other Equipment

Total Other Storage Plant

Base Load Liquefied Natural Gas, Terminaling and Processing Plant

- 1.1 Land and Land Rights
- 1.2 Structures and Improvements
- 1.3 LNG Processing Terminal Equipment
- 1.4 LNG Transportation Equipment
- 1.5 Measuring and Regulating Equipment
- 1.6 Compressor Station Equipment
- 1.7 Communications Equipment
- 1.8 Other Equipment

Total Base Load Liquefied Natural

Gas, Terminaling, and Processing Plant

Total Nat. Gas Storage and Proc. Plant

Transmission Plant

- Land and Land Rights
- Rights-of-Way
- Structures and Improvements
- Mains

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AVERAGE GAS PLANT IN SERVICE BY ACCOUNT PER MCF

For the Calendar Years Through and the Test Year

(Total Company)

Account Number	Title of Accounts (a)	12 Months Ended						Test Year
		Calendar Years Prior to Test Year						
		5th	4th	3rd	2nd	1st		
		(b)	(c)	(d)	(e)	(f)	(g)	
368	Compressor Station Equipment							
369	Measuring and Reg. Sta. Equipment							
370	Communication Equipment							
371	Other Equipment							
	Total Transmission Plant							
	<u>Distribution Plant</u>							
374	Land and Land Rights							
375	Structures and Improvements							
376	Mains							
377	Compressor Station Equipment							
378	Meas. and Reg. Sta. Equip.--General							
379	Meas. and Reg. Sta. Equip.--City Gate							
380	Services							
381	Meters							
382	Water Installations							
383	House Regulators							
384	House Reg. Installations							
385	Industrial Meas. and Reg. Sta. Equipment							
386	Other Prop. on Customer's Premises							
387	Other Equipment							
	Total Distribution Plant							
	<u>General Plant</u>							
89	Land and Land Rights							
90	Structures and Improvements							
91	Office Furniture and Equipment							
	Transportation Equipment							
	Stores Equipment							
94	Tools, Shop and Garage Equipment							

Delta Natural Gas Company
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AVERAGE GAS PLANT IN SERVICE BY ACCOUNT PER MCF

For the Calendar Years Through and the Test Year

(Total Company)

Account Number	Title of Accounts (a)	12 Months Ended					Test Year (g)
		5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	
395	Laboratory Equipment						
396	Power Operated Equipment						
397	Communication Equipment						
398	Miscellaneous Equipment						
	Subtotal						
399	Other Tangible Property						
	Total General Plant						
	Total (Accounts 101 and 106)						
102	Gas Plant Purchased						
102	Gas Plant Sold						
	Experimental Gas Plant Unclassified						
103	Total Gas Plant In Service						

STATEMENT OF GAS PLANT IN SERVICE

Test Year
 (Total Company)

Account Number	Title of Accounts (a)	Beginning Balance (b)	Additions (c)	Retirements (d)	Transfers (e)	Ending Balance (f)
	<u>Intangible Plant</u>					
301	Organization					
302	Franchises and Consents					
303	Miscellaneous Intangible Plant					
	Total Intangible Plant					
	<u>Production Plant</u>					
	<u>Natural Gas Production and Gathering Plant</u>					
325.1	Producing Lands					
325.2	Producing Leaseholds					
325.3	Gas Rights					
325.4	Rights-of-Way					
325.5	Other Land and Land Rights					
326	Gas Well Structures					
327	Field Compressor Station Structures					
328	Field Meas. and Reg. Sta. Structures					
329	Other Structures					
330	Producing Gas Wells-Well Construction					
331	Producing Gas Wells-Well Equipment					
332	Field Lines					
333	Field Compressor Station Equipment					
334	Field Meas. and Reg. Sta. Equipment					
335	Drilling and Cleaning Equipment					
336	Purification Equipment					
337	Other Equipment					
338	Unsuccessful Exploration and Devel. Costs					
	Total Production and Gathering Plant					

Commonwealth of Kentucky

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STATEMENT OF GAS PLANT IN SERVICE

Test Year

(Total Company)

Account Number	Title of Accounts (a)	Beginning Balance (b)	Additions (c)	Retirements (d)	Transfers (e)	Ending Balance (f)
40	<u>Products Extraction Plant</u>					
41	Land and Land Rights					
42	Structures and Improvements					
43	Extraction and Refining Equipment					
44	Pipe Lines					
45	Extracted Products Storage Equipment					
46	Compressor Equipment					
47	Gas Meas. and Reg. Equipment					
	Other Equipment					
	Total Products Extraction Plant					
	Total Nat. Gas Production Plant					
	Mfd. Gas Prod. Plant (Submit Suppl. Statement)					
	Total Production Plant					
	<u>Natural Gas Storage and Processing Plant</u>					
	<u>Underground Storage Plant</u>					
350.1	Land					
350.2	Rights-of-Way					
351	Structures and Improvements					
352	Wells					
352.1	Storage Leaseholds and Rights					
352.2	Reservoirs					
352.3	Non-Recoverable Natural Gas					
353	Lines					
354	Compressor Station Equipment					
355	Measuring and Reg. Equipment					
356	Purification Equipment					
357	Other Equipment					
	Total Underground Storage Plant					

STATEMENT OF GAS PLANT IN SERVICE

Test Year

(Total Company)

Account Number	Title of Accounts (a)	Beginning Balance (b)	Additions (c)	Retirements (d)	Transfers (e)	Ending Balance (f)
360	Other Storage Plant					
361	Land and Land Rights					
362	Structures and Improvements					
363	Gas Holders					
363.1	Purification Equipment					
363.2	Liquefaction Equipment					
363.3	Vaporizing Equipment					
363.4	Compressor Equipment					
363.5	Meas. and Reg. Equipment					
	Other Equipment					
	Total Other Storage Plant					
	Base Load Liquefied Natural Gas, Terminaling and Processing Plant					
364.1	Land and Land Rights					
364.2	Structures and Improvements					
364.3	LNG Processing Terminal Equipment					
364.4	LNG Transportation Equipment					
364.5	Measuring and Regulating Equipment					
364.6	Compressor Station Equipment					
364.7	Communications Equipment					
364.8	Other Equipment					
	Total Base Load Liquefied Natural Gas, Terminaling, and Processing Plant					
	Total Nat. Gas Storage and Proc. Plant					
	Transmission Plant					
	Land and Land Rights					
	Rights-of-Way					
	Structures and Improvements					
	Mains					

366
367

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STATEMENT OF GAS PLANT IN SERVICE

Test Year

(Total Company)

Account Number	Title of Accounts (a)	Beginning Balance (b)	Additions (c)	Retirements (d)	Transfers (e)	Ending Balance (f)
368	Compressor Station Equipment					
369	Measuring and Reg. Sta. Equipment					
370	Communication Equipment					
371	Other Equipment					
	Total Transmission Plant					
	<u>Distribution Plant</u>					
374	Land and Land Rights					
375	Structures and Improvements					
376	Mains					
377	Compressor Station Equipment					
378	Meas. and Reg. Sta. Equip.--General					
379	Meas. and Reg. Sta. Equip.--City Gate Services					
380	Meters,					
381	Meter Installations					
382	House Regulators					
383	House Reg. Installations					
384	Industrial Meas. and Reg. Sta. Equipment					
385	Other Prop. on Customer's Premises					
386	Other Equipment					
387	Total Distribution Plant					
	<u>General Plant</u>					
389	Land and Land Rights					
390	Structures and Improvements					
391	Office Furniture and Equipment					
392	Transportation Equipment					
393	Stores Equipment					
394	Tools, Shop and Garage Equipment					

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STATEMENT OF GAS PLANT IN SERVICE

Test Year

(Total Company)

Account Number	Title of Accounts	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
	(a)	(b)	(c)	(d)	(e)	(f)
368	Compressor Station Equipment					
369	Measuring and Reg. Sta. Equipment					
370	Communication Equipment					
371	Other Equipment					
	Total Transmission Plant					
	<u>Distribution Plant</u>					
374	Land and Land Rights					
375	Structures and Improvements					
376	Mains					
377	Compressor Station Equipment					
378	Meas. and Reg. Sta. Equip.-General					
379	Meas. and Reg. Sta. Equip.-City Gate					
380	Services					
381	Meters					
382	Meter Installations					
383	House Regulators					
384	House Reg. Installations					
385	Industrial Meas. and Reg. Sta. Equipment					
386	Other Prop. on Customer's Premises					
387	Other Equipment					
	Total Distribution Plant					
	<u>General Plant</u>					
389	Land and Land Rights					
390	Structures and Improvements					
391	Office Furniture and Equipment					
392	Transportation Equipment					
393	Stores Equipment					
394	Tools, Shop and Garage Equipment					

STATEMENT OF GAS PLANT IN SERVICE

Test Year

(Total Company)

<u>Account Number</u>	<u>Title of Accounts</u> (a)	<u>Beginning Balance</u> (b)	<u>Additions</u> (c)	<u>Retirements</u> (d)	<u>Transfers</u> (e)	<u>Ending Balance</u> (f)
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment					
398	Miscellaneous Equipment					
	Subtotal					
399	Other Tangible Property					
	Total General Plant					
	Total (Accounts 101 and 106)					
102	Gas Plant Purchased					
102	Gas Plant Sold					
103	Experimental Gas Plant Unclassified					
	Total Gas Plant In Service					

Delta Natural Gas Company

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ACCOUNT 913 - ADVERTISING EXPENSE

For the Test Year

(Total Company)

<u>Line</u> <u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Sales or</u> <u>Promotional</u> <u>Advertising</u> <u>(b)</u>	<u>Institutional</u> <u>Advertising</u> <u>(c)</u>	<u>Conservation</u> <u>Advertising</u> <u>(d)</u>	<u>Rate</u> <u>Case</u> <u>(e)</u>	<u>Other</u> <u>(f)</u>	<u>Total</u> <u>(g)</u>
1.	Newspaper						
2.	Magazines and Other						
3.	Television						
4.	Radio						
5.	Direct Mail						
6.	Sales Aids						
	Total						

Amount Assigned to
Ky. Retail

Delta Natural Gas Company

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ACCOUNT 930 - MISCELLANEOUS EXPENSES

For the Test Year

<u>Line</u> <u>No.</u>	<u>Item</u> (a)	<u>Amount</u> (b)
1.	Industry Association Dues	
2.	Stockholder and Debt Servicing Expenses	
3.	Institutional Advertising	
4.	Conservation Advertising	
5.	Rate Department Load Studies	
6.	Director's Fees and Expenses	
7.	Dues and Subscriptions	
8.	Miscellaneous	
9.	Total	
10.	Amount Assigned to Kentucky	

Delta Natural Gas Company

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ACCOUNT 426 - MISCELLANEOUS INCOME DEDUCTIONS

For the Test Year

<u>Line No.</u>	<u>Item (a)</u>	<u>Amount (b)</u>
1.	Donations	
2.	Civic Activities	
3.	Political Activities	
4.	Other	
5.	Total	
6.	Amount Assigned to Kentucky	

Delta Natural Gas Company

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AVERAGE RATES OF RETURN

For the Calendar Years Through and the Test Year

Line No.	<u>Calendar Years Prior to Test Year</u> (a)	<u>Total Company</u> (b)	<u>Ky. Retail</u> (c)	<u>Other Retail Jurisdictions</u> (d)	<u>FERC Wholesale</u> (e)
1.	Original Cost Net Investment:				
2.	5th Year				
3.	4th Year				
4.	3rd Year				
5.	2nd Year				
6.	1st Year				
7.	Test Year				
8.	Original Cost Common Equity:				
9.	5th Year				
10.	4th Year				
11.	3rd Year				
12.	2nd Year				
13.	1st Year				
14.	Test Year				

Delta Natural Gas Company
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SCHEDULE OF NUMBER OF EMPLOYEES, HOURS PER EMPLOYEE, AND AVERAGE WAGES
PER EMPLOYEE

Calendar Years	Prior to Test Year	Production		Natural Gas Storage Terminaling and Processing		Transmission		Distribution		Customer Accounts						
		No. Hrs.	Wages	No.	Hrs.	Wages	No. Hrs.	Wages	No. Hrs.	Wages	No. Hrs.	Wages				
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)
5th Year																
% Change																
4th Year																
% Change																
3rd Year																
% Change																
2nd Year																
% Change																
1st Year																
% Change																
Test Year																

NOTE: (1) Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.
 (2) Show percent increase (decrease) of each year over the prior year on lines designated above "%Change"
 (3) Employees, weekly hours per employee, and weekly wages per employee for the week including December of each year and the last day of the test year.

SCHEDULE OF NUMBER OF EMPLOYEES, HOURS PER EMPLOYEE, AND AVERAGE WAGES
PER EMPLOYEE (Continued)

Calendar Years Prior to Test Year	Customer Service and Information:			Sales			Administrative and General			Construction			Total		
	(A) No. (Q)	Hrs. (R)	Wages (S)	No. (T)	Hrs. (U)	Wages (V)	No. (W)	Hrs. (X)	Wages (Y)	No. (Z)	Hrs. (AA)	Wages (BB)	No. (CC)	Hrs. (DD)	Wages (EE)
5th Year															
% Change															
4th Year															
% Change															
3rd Year															
% Change															
2nd Year															
% Change															
1st Year															
% Change															
Test Year															
% Change															

- NOTE: (1) Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.
- (2) Show percent increase (decrease) of each year over the prior year on lines designated above "% Change".
- (3) Employees, weekly hours per employee, and weekly wages per employee for the week including December of each year and the last day of the test year.