

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE REQUEST OF DELTA NATURAL GAS	)	
COMPANY, INC. FOR PERMANENT	)	CASE NO. 2001-197
APPROVAL OF ITS WEATHER	)	
NORMALIZATION ADJUSTMENT TARIFF	)	

O R D E R

On June 20, 2001, the Commission received a letter from Delta Natural Gas Company, Inc. ("Delta"), dated June 19, 2001, requesting that the Weather Normalization Adjustment ("WNA") tariff, which had been approved on a pilot basis in Delta's most recent rate case, be made permanent. Delta's letter indicated that it was in the process of procuring permanent financing and that it and potential investment bankers were concerned about the non-permanent status of the WNA tariff. The letter was treated as an application and the request was placed on the Commission's docket.

Delta's WNA tariff was approved on a pilot basis in Case No. 99-176 to run through the 2001-2002 heating season.<sup>1</sup> The Commission's Order stated that, should Delta wish to extend the pilot or make the WNA tariff permanent, it would have to make formal application to the Commission for approval thereof. The Commission finds that further information is needed in order to properly evaluate Delta's request to make the WNA tariff permanent prior to the scheduled termination of the WNA pilot.

IT IS THEREFORE ORDERED that:

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<sup>1</sup> Case No. 99-176, An Adjustment of Rates of Delta Natural Gas Company, Inc., Order dated December 27, 1999.

1. Delta shall respond to the data request included in Appendix A to this Order within 15 days from the date of this Order.

2. Nothing contained herein shall prevent the Commission from entering further Orders in this case prior to rendering a final decision herein.

Done at Frankfort, Kentucky, this 13<sup>th</sup> day of July, 2001.

By the Commission

ATTEST:

Deputy Wm H. Fowler  
Executive Director

## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2001-197 DATED July 13, 2001

1. Unless instructed otherwise, provide the following information for each of the two heating seasons that Delta's WNA tariff has been in effect.

a. On a monthly basis, for both residential and non-residential customers, the number of customers billed under the provisions of Delta's WNA tariff.

b. Monthly Mcf sales, shown separately for residential and non-residential customers, and in total for both customer groups. In comparative form, show actual metered sales volumes and adjusted sales volumes as billed under the provisions of Delta's WNA tariff.

c. On a monthly basis, for both residential and non-residential customers, average usage per customer based on (1) metered sales volumes and (2) adjusted sales volumes as billed under the provisions of Delta's WNA tariff. Provide this information for the period covered by the WNA and, in comparative form, provide average usage per customer, based on metered sales, in the same format, for each month from December through April for the 1996-1997, 1997-1998, and 1998-1999 heating seasons.

d. Monthly base rate revenues, shown separately for residential and non-residential customers, and in total for both customer groups. In comparative form, show base rate revenues, calculated based on metered sales volumes and, actual revenues, as billed to customers under the provisions of Delta's WNA tariff.

e. Monthly heating degree days, reported as follows: (1) normal calendar heating degree days; (2) actual calendar heating degree days; (3) normal billed heating

degree days; and (4) actual billed heating degree days. Explain the differences between calendar and billed heating degree days including, but not limited to, a narrative description of Delta's meter reading cycles, billing cycles, etc.

2. For the 12-month periods ended June 30, 2000 and June 30, 2001, provide Delta's return on common equity, based on (1) calculated revenues as if the WNA had not been in effect and (2) actual revenues with the WNA in effect. Show the return calculation, including the net income available for common stock and the equity balance used in the calculation. The return calculation should be based on an end-of-period equity balance like that used by the Commission in general rate cases. Provide the same information, based on actual revenues and end-of-period equity balances, for the three preceding 12-month periods, beginning with the 12 months ended June 30, 1997.

3. Delta's base rates are intended to recover non-gas costs such as billing, maintenance, depreciation, taxes, etc. Provide a narrative description of the portion of Delta's non-gas costs that vary as usage varies.

4. The June 19, 2001 letter indicates that Delta is anticipating new permanent financing, references Delta's discussions with potential investment bankers, and references the concerns that Delta and the potential investment bankers have with the fact that the WNA tariff has not been approved on a permanent basis.

a. Identify any specific concerns on the part of Delta or the potential investment bankers and provide a detailed narrative description of how approval of the WNA tariff on a permanent basis will reduce or eliminate those concerns.

b. Delta has sought and received Commission approval of new financing during the time since the WNA tariff was approved on a pilot basis. Identify the current

conditions, or circumstances, that cause Delta to seek permanent approval of the WNA tariff in conjunction with the financing referenced in the June 19, 2001 letter that did not exist at the time of its most recent financing request approved by the Commission.

c. Provide a timeline for the anticipated financing that shows, among other things, the latest date by which Delta can receive permanent approval of its WNA tariff and proceed with the financing, and the approximate date it would expect to apply to the Commission for approval of such financing.