

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
DELTA NATURAL GAS COMPANY, INC.) 2013-00114

ORDER

On October 21, 2010, in Case No. 2010-00116,¹ the Commission approved rates for Delta Natural Gas Company, Inc. ("Delta") and provided for their further adjustment in accordance with Delta's Gas Cost Recovery ("GCR") clause.

On March 26, 2013, Delta filed its proposed GCR rate to be effective April 29, 2013. On April 15, 2013, Delta provided responses to a Commission Staff Request for Information ("Staff's First Request") concerning its proposed GCR rate.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Delta's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Delta's notice sets out an Expected Gas Cost ("EGC") of \$6.6351 per Mcf, which is an increase of \$2.0434 per Mcf from the previous EGC of \$4.5917 per Mcf. In response to Staff's First Request, Delta stated that the recovery of fixed demand charges over fewer Mcf during non-heating season months contributes to the increase. Delta pointed out that the increase is similar to that proposed by Delta and approved by

¹ Case No. 2010-00116, Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates (Ky. PSC Oct. 21, 2010).

the Commission in April 2012, a period with similar pipeline and wholesale commodity charges recovered over similar volumes.

3. Delta's notice sets out no current quarter Refund Adjustment ("RA"). Delta's total RA is (\$.0785) per Mcf, which is an increase of \$.0205 per Mcf from the previous quarter total RA of (\$.0990) per Mcf.

4. Delta's notice sets out a current quarter Actual Adjustment ("AA") of \$1.1424 per Mcf. Delta's total AA is \$1.3722 per Mcf, which is an increase of \$.6539 per Mcf from the previous total AA of \$.7183 per Mcf. In response to Staff's First Request, Delta stated that the relatively large current AA resulted from differences in weather for the time period used to measure purchases as compared to that used to measure GCR recovery through billings. According to Delta, the billing period used to measure AA recovery was approximately 70 percent warmer than the three-month period ended January 31, 2013 which was used to measure purchase volumes and costs.

5. Delta's notice sets out a Balance Adjustment ("BA") of \$.3234 per Mcf, which represents an increase of \$.1413 per Mcf from the previous BA of \$.1821 per Mcf. Delta proposed in its application to recover the \$806,105 under-recovery of gas cost from its customers over a period of one year rather than through its traditional BA methodology, which involves recovery over one calendar quarter. Otherwise, according to Delta, the GCR rate, including a BA calculated over one quarter, as is its custom, is \$4.036 more than the GCR rate including a BA calculated over four quarters.

6. Delta's GCR rate is \$8.2522 per Mcf, which is an increase of \$2.8591 per Mcf from the previous GCR rate of \$5.3931 per Mcf.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by Delta on and after April 29, 2013.

8. The Commission's Final Order in Case No. 2012-00106² approved as proposed Delta's GCR rate which reflected adjustments with similar characteristics to those approved herein, which Delta referenced in its response to Staff's First Request. Delta's request to calculate its BA as proposed in its application is clearly in the best interest of its customers and is not precluded by the provisions of its GCR tariff, which is silent as to the time period over which any under/over-recovery of gas cost through the BA should occur. Delta indicated its willingness to consider such a calculation on a permanent basis. Delta should indicate in its next GCR application whether it has decided to change its method of BA recovery and what factors it considered in making its decision.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for final meter readings on and after April 29, 2013.

2. Within 20 days of the date of this Order, Delta shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

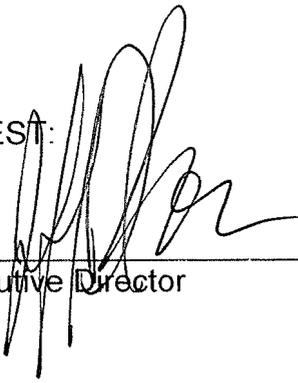
3. Delta's Application for GCR rates effective August 2013 shall include the information required herein concerning the calculation of the BA.

² Case No. 2012-00106, Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc. (Ky. PSC April 13, 2012).

By the Commission

ENTERED 
APR 26 2013
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2013-00114

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2013-00114 DATED APR 26 2013

The following rates and charges are prescribed for the customers in the area served by Delta Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATE SCHEDULES

AVAILABILITY

Available for general use by residential, commercial, and industrial customers.

RATES

	<u>Base Rate</u>		<u>Gas Cost Recovery Rate</u>		<u>Total Rate</u>
		plus		equals	
<u>Residential</u>					
Monthly Service Charge	\$ 20.70				
All Ccf	\$.43185		\$.82522		\$ 1.25707

Residential rates are also subject to the Conservation/Efficiency Program Cost Recovery Component (CEPRC) of \$.01447 per Ccf.

Small Non-Residential

Monthly Service Charge	\$ 31.20				
All Ccf	\$.43185		\$.82522		\$ 1.25707

Large Non-Residential

Monthly Service Charge	\$ 131.00				
1 – 2,000 Ccf	\$.43185		\$.82522		\$ 1.25707
2001 – 10,000 Ccf	.26696		.82522		1.09218
10,001 – 50,000 Ccf	.18735		.82522		1.01257
50,001 – 100,000 Ccf	.14735		.82522		.97257
Over 100,000 Ccf	.12735		.82522		.95257

Interruptible

Monthly Service Charge	\$ 250.00		
1 – 10,000 Ccf	\$.16000	\$.82522	\$.98522
10,001 – 50,000 Ccf	.12000	.82522	.94522
50,001 – 100,000 Ccf	.08000	.82522	.90522
Over 100,000 Ccf	.06000	.82522	.88522

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