



**Delta Natural Gas Company, Inc.**  
**CASE NO. 2018-00040**

**THIRD PSC DATA REQUEST**  
**DATED NOVEMBER 13, 2018**

Within 30 days of filing its 2017 federal tax return with the IRS, Delta should file with the Commission, in the form of a data response, the following information:

**The actual excess ADIT;**

Response:

See the following revised schedule:

- Item 8, Schedule I – Calculation of Excess Deferred Income Taxes

Sponsoring Witness:

Casey Mudd

**Delta Natural Gas Company**  
**Case No. 2018-00040**  
**Item 8**  
**Schedule I**  
**Calculation of Excess Deferred Income Taxes**

	12/31/2017 Cumulative Timing Difference	Deferred Rate	Deferred 12/31/2017 Balance	New Statutory Rate	Remeasured Deferred at New Rate	Estimated Excess Deferred Taxes
<i>Protected</i>						
1.282.01 DEF INC TAX ACCEL DEPR - FEDERAL	(107,381,181)	34.00%	(36,530,436)	21.00%	(22,550,048)	(13,980,388)
1.282.01 DEF INC TAX ACCEL DEPR - STATE	(89,996,084)	3.96%	(3,563,845)	3.95%	(3,554,845)	(9,000)
1.282.18 DEF INC TAX COST OF REMOVAL	(2,312,079)	37.96%	(877,665)	24.95%	(576,864)	(300,801)
1.282.14 DEF INC TAX ASSET RETIREMENT OBLIGATION	3,553,047	37.96%	1,348,737	24.95%	886,485	462,252
1.283.06 DEF INC TAX ARO REG ASSET	(3,080,201)	37.96%	(1,169,244)	24.95%	(768,510)	(400,734)
1.283.07 DEF INC TAX ARC DEPRECIATION	(502,372)	37.96%	(190,700)	24.95%	(125,342)	(65,358)
1.283.10 DEF INC TAX - 2005 KY RATE CHANGE		{2}	114,428	24.95%	114,428	-
1.283.20 DEF INC TAX - 2018 FED RATE CHANGE		{3}	4,994,998		4,994,998	-
			(35,873,727)		(21,579,698)	(14,294,029)
					<i>Annual Amortization (21 years)</i>	<i>(680,668)</i>

	Cumulative Timing Difference	Deferred Rate	Deferred 12/31/2017 Balance	New Statutory Rate	Remeasured Deferred at New Rate	Estimated Excess Deferred Taxes
<i>Unprotected</i>						
1.242.13 DEF INC TAX DEFERRED GAS COST	(1,870,925)	37.96%	(710,203)	24.95%	(466,796)	(243,407)
1.242.14 DEF INC TAX BAD DEBT RESERVE	151,790	37.96%	57,619	24.95%	37,872	19,747
1.242.16 DEF INC TAX PREPAID INS	(746,910)	37.96%	(283,527)	24.95%	(186,354)	(97,173)
1.242.18 DEF INC TAX IBNR	119,030	37.96%	45,184	24.95%	29,698	15,486
1.242.19 DEF INC TAX PROFESSIONAL FEES	72,800	37.96%	27,635	24.95%	18,164	9,471
1.282.02 DEF INC TAX PENSION PLAN	(2,898,732)	37.96%	(1,100,359)	24.95%	(723,234)	(377,125)
1.282.06 DEF INC TAX ANNUAL LEAVE PLAN	604,407	37.96%	229,433	24.95%	150,800	78,633
1.282.07 DEF INC TAX CONSTRUCTION CONTRIBUTIONS	44,363	37.96%	16,840	24.95%	11,069	5,771
1.282.10 DEF INC TAX DEBT EXPENSE	(2,359,857)	37.96%	(895,802)	24.95%	(588,784)	(307,018)
1.282.12 DEF INC TAX STORAGE GAS	259,165	37.96%	98,379	24.95%	64,662	33,717
1.283.00 DEF INC TAX UNRECOVERED PENSION EXPENSE	(354,190)	37.96%	(134,451)	24.95%	(88,370)	(46,081)
1.283.03 DEF INC TAX SUPPLEMENTAL RETIREMENT PLAN	1,360,294	37.96%	516,368	24.95%	339,393	176,975
			<b>(2,132,884)</b>		<b>(1,401,880)</b>	<b>(731,004)</b>
					<i>Annual Amortization (15 years)</i>	<i>(48,734)</i>

**Total Deferred Taxes and Excess Deferred Taxes**      **(22,981,578)**      **(15,025,033)**

{2} see Item 8, Schedule II for calculation of deferred tax balance  
{3} Deferred taxes on 2018 regulatory liability = 24.95% \* ( \$15,025,033 / (1 - 24.95%) )

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**DATED NOVEMBER 13, 2018**

Within 30 days of filing its 2017 federal tax return with the IRS, Delta should file with the Commission, in the form of a data response, the following information:

**Whether RSGM or ARAM is being used for the protected ADIT;**

Response:

The Reverse South Georgia Method is being used for the protected ADIT.

Sponsoring Witness:

Casey Mudd

**Delta Natural Gas Company, Inc.**  
**CASE NO. 2018-00040**

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**DATED NOVEMBER 13, 2018**

Within 30 days of filing its 2017 federal tax return with the IRS, Delta should file with the Commission, in the form of a data response, the following information:

**The actual amortization period that will be used for the protected ADIT;**

Response:

The amortization period for the protected ADIT is 21 years.

Sponsoring Witness:

Casey Mudd

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**THIRD PSC DATA REQUEST**  
**DATED NOVEMBER 13, 2018**

Within 30 days of filing its 2017 federal tax return with the IRS, Delta should file with the Commission, in the form of a data response, the following information:

**The revenue requirement impact of the amortization of the excess protected ADIT;**

Response:

See the following revised schedule:

- Item 9 – Revenue Impact – Rate Base and 15-year Amortization of Unprotected

Sponsoring Witness:

Casey Mudd

**Delta Natural Gas Company**

**Case No. 2018-00040**

**Item 9**

**Revenue Impact - Rate Base and 15-year Amortization of Unprotected**

<b>Line No.</b>	<b>Description</b>	<b>34% Federal Income Tax Rate</b>	<b>21% Federal Income Tax Rate</b>	<b>Revenue Impact</b>
1	Net Investment Rate Base	\$ 107,987,444	\$ 107,987,444	
2	Returns Adjusted for Income Taxes	<u>4.75365%</u>	<u>4.27109%</u>	
3				
4	Required Annual Operating Income Before Taxes (Line 1 x line 2)	\$ 5,133,343	\$ 4,612,241	\$ (521,102)
5				
6	Amortization of Excess ADIT (Protected) - Reverse South Georgia		(680,668)	
7	Amortization of Excess ADIT (Unprotected)		<u>(48,734)</u>	
8				
9	Total Amortization of Excess ADIT (Line 6 + Line 7)		(729,402)	
10	Gross-Up Factor Using 21% Federal Tax Rate		1.33756	
11				
12	Total Reduction in Deferred Income Tax Expense (Line 9 x Line 10)			<u>(975,620)</u>
13				
14	Total Reduction in Revenue Requirements (Line 4 + Line 12)			<u><u>\$ (1,496,722)</u></u>
15	Monthly Amount (line 14 / 12)			\$ (124,727)

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Within 30 days of filing its 2017 federal tax return with the IRS, Delta should file with the Commission, in the form of a data response, the following information:

**Proposed revised rates.**

Response:

See the following revised schedule:

- Item 11 – Impact on Customer Rates

Sponsoring Witness:

Casey Mudd



Delta Natural Gas Company, Inc.  
Case No. 2018-00040  
Item 11  
Impact on Customer Rates

1 Monthly Amount (Item 9) (124,727)

**October 2018 - March 2019**

2 Stub Period (Jan 2018 - September 2018) (1,122,541)  
3 6 months prospective impact (Oct 2018-Mar 2019)(line 1 x 6) (748,361)  


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4 Billed October 2018 through November 2018 1,023,990  
5 Remaining to be billed December 2018 - March 2019 (846,912)

**6 April 2019 - December 2019**

7 9 months prospective impact (April 2019 - Dec 2019)(line 1 x 9) (1,122,541)

**8 January 2020 on**

9 12 months prospective impact (January 2020 and on)(line 1 x 12) (1,496,722)

Dec 2018 - Mar 2019	Calculated Net Revenues @ Approved Rates per Case No. 2010-00116	Class Allocation	Allocated Tax Adjustment	# of Customers bills for the 12 months ended December 31, 2017	Monthly Customers	Monthly per Customer Tax Reduction Rate (Adjustment/(monthly customers*4))
Residential	\$ 14,846,218	54.4%	\$ 460,720	355,470	29,623	\$ 3.89
Small Non-Residential	3,991,286	14.6%	123,649	50,246	4,187	7.38
Large Non-Residential	7,008,122	25.6%	216,810	11,780	982	55.21
Interruptible	1,484,119	5.4%	45,733	373	31	367.83
<b>\$</b>	<b>27,329,745</b>	<b>100.0%</b>	<b>\$ 846,912</b>	<b>417,869</b>	<b>34,822</b>	

Item 9

April 2019 - Dec 2019	Calculated Net Revenues @ Approved Rates per Case No. 2010-00116	Class Allocation	Allocated Tax Adjustment	# of Customers bills for the 12 months ended December 31, 2017	Monthly Customers	Monthly per Customer Tax Reduction Rate (Adjustment/(monthly customers*9))
Residential	\$ 14,846,218	54.4%	\$ 610,662	355,470	29,623	\$ 2.29
Small Non-Residential	3,991,286	14.6%	163,891	50,246	4,187	4.35
Large Non-Residential	7,008,122	25.6%	287,371	11,780	982	32.53
Interruptible	1,484,119	5.4%	60,617	373	31	216.68
<b>\$</b>	<b>27,329,745</b>	<b>100.0%</b>	<b>\$ 1,122,541</b>	<b>417,869</b>	<b>34,822</b>	

Item 9

January 2020 and on	Calculated Net Revenues @ Approved Rates per Case No. 2010-00116	Class Allocation	Allocated Tax Adjustment	# of Customers bills for the 12 months ended December 31, 2017	Monthly Customers	Monthly per Customer Tax Reduction Rate (Adjustment/(monthly customers*12))
Residential	\$ 14,846,218	54.4%	\$ 814,217	355,470	29,623	\$ 2.29
Small Non-Residential	3,991,286	14.6%	218,521	50,246	4,187	4.35
Large Non-Residential	7,008,122	25.6%	383,161	11,780	982	32.53
Interruptible	1,484,119	5.4%	80,823	373	31	216.68
<b>\$</b>	<b>27,329,745</b>	<b>100.0%</b>	<b>\$ 1,496,722</b>	<b>417,869</b>	<b>34,822</b>	

Item 9