

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2019-00366

RESPONSES TO DATA REQUEST
ORDER DATED DECEMBER 16, 2019

1. Confirm that Delta's HEA program is not a crisis program but instead provides recurring benefits to eligible enrolled applicants.
 - a. If confirmed, explain how the recurring benefits are determined for each participant (i.e., amount of total benefits available/slots available/months assistance is available, etc.).
 - b. If confirmed, further explain over what period of months recurring benefits are provided and whether the benefit level is different between months and consistent amongst participants.

Response:

1. Yes, Delta's HEA program provides recurring benefits to eligible enrolled applicants. It is not a crisis program.
 - a. There are 260 slots available. Each eligible applicant is provided a total of \$410 per program year, during the months of November through March.
 - b. Benefits are consistent amongst participants and are provided during the months of November through March as follows:

Month	Benefit Amount
November	\$50.00
December	70.00
January	90.00
February	100.00
March	100.00
Total	\$410.00

Sponsoring Witness:
Jenny Lowery Croft

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2. Explain whether Delta has prioritization rules to determine which eligible applicants can receive HEA assistance or whether benefits are provided to eligible applicants on a first come first served basis. If there are prioritization rules, describe the prioritization rules in detail.

Response:

Eligible applicants are awarded benefits under the HEA program on a first come first served basis. In the event of full enrollment, a wait list is maintained. A wait list has not been necessary in recent years as the number of slots available have been sufficient to satisfy the need.

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3. Refer to Delta's response to Commission Staff's First Request for Information (Staff's First Request), Item 3. Describe how Delta monitors Community Action Council for Lexington-Fayette, Bourbon, Harrison & Nicholas Counties' (CAC) administration of the HEA program and whether CAC provides daily, monthly, or annual reports to Delta with program participant and spending amounts.

Response:

Delta reviews periodic reports provided by CAC. For further information, see Delta's response to No. 4 herein.

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4. Explain whether Delta receives daily, monthly, or annual reports from CAC and, if so, provide a copy of one daily, one monthly, and one annual report.

Response:

CAC provides annual status reports to Delta which show total slots available, enrolled, wait list, denied, removed, and slots left available for each county. The most recent report is attached as Exhibit A.

Additionally, CAC notifies Delta throughout the year of any additions or removals in the event that a participant no longer qualifies. Delta notifies Community Action if service is discontinued for a participant.

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5. Explain whether Delta conducts or authorizes a third party to conduct an audit of CAC's administration of the HEA program to ensure funds are spent appropriately.

Response:

Delta does not conduct an audit; however, CAC is audited annually by an outside third party (WIPFLI, LLP) who is obtained via RFP every three years. It is a single audit complete with an assessment of internal controls and review of CAC's major programs. The Delta HEA program is not considered a major program in the scope of this audit; therefore, the auditors don't test our program specifically, but they do test internal controls for the agency which includes Delta's program.

The HEA funds are held by Delta and are directly applied to offset customer bills. As such, Delta knows that 100% of the program funds are used for natural gas bill assistance.

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6. Refer to Exhibit A to Delta's response to Staff's First Request. Explain what percentage of budgeted or expended funds the most-recent program year's costs represent.

Response:

Delta contributes \$30,000 annually for the HEA program. Additionally, there is a \$0.20 customer charge per month for each residential customer. For the May 2018 – April 2019 program year this revenue totaled \$72,247. For the program year May 2018 - April 2019, fees paid to CAC were \$12,750.57 or 12.5% of the total contributed amount plus the revenue from the customer charge.

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7. Refer to Delta's response to Staff's First Request, Item 1 and page 3 of Appendix C to the Commission's initiating Order. Provide an Excel spreadsheet with the same categories of information as provided in Appendix C for Delta for the five most recent full program years.

Response:

See Exhibit B attached.

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8. Refer to Delta's response to Staff's First Request, Item 4.
 - a. Explain whether CAC receives a fixed fee for administering the HEA program and what the fee is based upon, such as a flat fee per participant or a percentage of funds expended.
 - b. Explain whether Delta reviews and approves CAC's proposed annual budget for HEA program variable expenses.

Response:

- a. CAC receives a fixed fee for the applications it processes. The fixed fee is \$25 for newly enrolled households and \$15 for recertified households (recertification occurs annually). CAC reimburses other Community Action Agencies in Delta's service territory using the same fee schedule.
- b. No, Delta reviews the expenses invoiced once the annual invoice is received.

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9. Refer to Delta's response to Staff's First Request, Item 7, which states that HEA program funds have not been fully expended in any of the past five years. Given that there have been excess funds in each of the past five years, explain why Delta has not raised the income eligibility requirement to higher than 110 percent. If Delta has considered raising the income eligibility requirement to higher than 110 percent of the poverty level, explain why the income eligibility requirement was not raised.

Response:

Annually, Delta has reviewed the HEA program funds and noted there are excess funds. As a result, we have increased the number of slots available each year. We have not considered raising the income eligibility requirement to higher than 110 percent of poverty level.

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10. Refer to Delta's response to Staff's First Request, Item 7, which states that HEA program funds have not been fully expended in any of the past five years. Provide changes Delta believes are necessary to ensure the available funds are fully, but properly, expended for the benefit intended.

Response:

Adequate data is not available to determine with certainty at what income requirement level program funds would be fully expended; however, based on CAC's recommendation, we believe if the current income eligibility requirement were raised to 200 percent of the poverty level, all available funds would be expended for the benefit intended.

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11. Identify any impediments or adverse consequences if the Commission raised Delta's income eligibility requirement from the current level to 150 percent, 200 percent, or some other higher increment of the poverty level.

Response:

Refer to Delta's response to No. 10 of this data request. Based on CAC's recommendation, Delta believes if the income eligibility requirement were raised to 200 percent of the poverty level, all available funds would be expended; however, if the income eligibility requirement is raised to this level or higher, families with lower income might miss out on the benefit because higher income families may apply first, and the program is first come first served.

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12. Identify any impediments or adverse consequences if the Commission eliminated Delta's requirement that applicants must apply for Low Income Heating Assistance Program (LIHEAP) as one of the eligibility requirements for Delta's HEA program.

Response:

LIHEAP eligibility is used to qualify applicants. Utilizing LIHEAP eligibility requirements streamlines the application process for the eligible customers. Based on consultation with CAC, we do not believe this requirement adversely impacts HEA program applicants.

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13. Identify any impediments or adverse consequences if the Commission eliminated Delta's requirement that applicants be recertified annually, and instead, Delta performed re-enrollment.

Response:

We do not believe Delta employees are qualified to perform re-enrollment. Currently, there is no difference between the process to complete a recertification for a household versus completing a new application, as the information for the application must be re-entered.

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14. State whether the requirement that applicants participate in weatherization services have impacted eligibility for the HEA program and, if so, provide the number of applicants that were ineligible for the HEA program due to the weatherization participation requirement.

Response:

We are not aware that the requirement for applicants to participate in weatherization services has adversely impacted eligibility for the Delta HEA program.

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15. Based upon its experience, explain what Delta believes are the ideal HEA eligibility requirements.

Response:

Based on CAC's recommendation, we believe the ideal Delta HEA eligibility requirements should be:

- 1) An active Delta customer.
- 2) The applicant should be at or below 200 percent of current federal poverty guideline.
- 3) Gross monthly income must be verified at the time of the application and annually thereafter.
- 4) Participants must apply for the Low Income Home Energy Assistance Program and direct subsidy payment to Delta.
- 5) Participants must understand that no refunds will be issued unless a credit balance exists on a final bill, then the amount refunded will only be the portion of the credit balance in excess of the Energy Assistance Program assistance.

Sponsoring Witness:
Jenny Lowery Croft

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF CLARK)

The undersigned, Jenny Lowery Croft, being duly sworn, deposes and says that she is Manager – Employee and Regulatory Services of Delta Natural Gas Company, Inc. and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness and the answers contained therein are true and correct to the best of her information, knowledge and belief.

Jenny Lowery Croft
Jenny Lowery Croft

Subscribed and sworn to before me, a Notary Public, in said County and State this 3rd day of January 2020.

Donna K. Fuller (SEAL)
Notary Public



My Commission Expires:

July 11, 2020