



Delta Natural Gas Company, Inc.



3617 Lexington Road
Winchester, Kentucky 40391-9797

PHONE: 859-744-6171
FAX: 859-744-3623

May 20, 2009

Mr. Jeff Derouen
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602-0615

RECEIVED

MAY 22 2009

PUBLIC SERVICE
COMMISSION

RE: CASE NO. 2009-00063

Dear Mr. Derouen:

Enclosed are the original and five copies of Delta's response to the Initial Data Request of the Commission Staff in the above styled case.

Please acknowledge receipt of this filing by stamping the extra copy of the cover letter and returning to Delta in the envelope provided.

Sincerely,

Connie King
Manager – Corporate & Employee Services

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
MAY 22 2009
PUBLIC SERVICE
COMMISSION

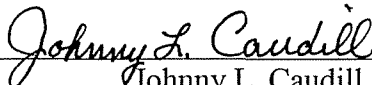
In the Matter of:

REQUEST OF DELTA NATURAL GAS COMPANY, INC.)
FOR A VARIANCE FROM METER TESTING) CASE NO.
REQUIREMENTS ESTABLISHED UNDER KAR 5:022,) 2009-00063
SECTION 8, SUBSECTION 5(a) (1) (2) (3))

CERTIFICATION

The undersigned, Johnny L. Caudill, states that he is Vice President – Distribution for Delta Natural Gas Company, Inc., a corporation, and certifies that he supervised the preparation of the responses to the Initial Data Request of Commission Staff to Delta and that the responses are true and accurate to the best of the undersigned’s knowledge, information and belief formed after a reasonable inquiry.

Dated this 21st day of May, 2009.



Johnny L. Caudill

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2009-00063

INITIAL DATA REQUEST OF COMMISSION STAFF
DATED MAY 13, 2009

1. 807 KAR 5:006, Section 25(5)(b), provides that all residential customer service regulators, vents and relief valve vents shall be checked for satisfactory operation at intervals not to exceed the periodic meter test intervals. Delta's proposed meter test program does not mention service regulators.

a. State whether Delta currently checks its service regulators, vents and relief valve vents for satisfactory operation at the time it does its meter testing.

b. Describe the inspection currently performed upon each type of service regulator.

c. State whether Delta is proposing to check its service regulators, vents and relief valve vents for satisfactory operation under its proposed meter testing program.

Explain the response.

d. If the response to 1.c. is in the affirmative, state whether increasing the inspection intervals on service regulators will have any adverse safety effects and provide any documentation that supports the response.

e. Explain whether Delta's service regulators now in service have full internal relief and provide any supporting documentation.

f. State the type and amount of service regulators that are currently installed inside the premises of Delta's customers.

g. Provide any records available to Delta concerning the number of regulators that have been replaced annually on Delta's system during the last ten years and the reasons for such replacement.

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RESPONSE:

a. In accordance with 807 KAR 5:006, Section 25(5)(b), residential service regulators, vents, and relief vents are checked for satisfactory operation at time of meter rotation and in compliance with meter test interval requirements.

b. Regulator set point and lockup is established with the aid of a pressure gauge temporarily installed downstream of the meter. Leak detection fluid, such as Leak Seek, is applied to the regulator and associated vents for the detection of leakage.

c. Delta proposes to continue to check for satisfactory operation of service regulators and relief valve vents at the time of meter rotation.

d. Service regulators utilized by Delta have an internal relief valve that works independently of the regulator orifice and seat. In the event a regulator begins to fail open, the pressure will begin to build under the diaphragm lifting the diaphragm from the plate allowing the gas to escape to the atmosphere. This design is a simple yet effective means to prevent over pressurization.

e. All service regulators are sized by Delta's Engineering Department in accordance with manufacturer's specifications to provide full relief protection to the meter set and to the customer.

f. Delta does not have any service regulators installed inside the premise of customers.

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g. Due to the reliability of the service regulators Delta has in its system, no formal program exists. Any service regulator change out is largely due to service line and/or prefabricated meter set replacement.

Responding Witness:

Bobby Coyle

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2. 807 KAR 5:006, Section 25(5)(c), provides that all curb boxes and valves on the service lines shall be inspected for operable conditions at intervals not to exceed the periodic meter test intervals. Delta's proposed meter test program does not mention curb boxes and valves. Explain what inspection procedure Delta proposes concerning curb boxes and valves.

RESPONSE:

Delta proposes to continue inspecting curb boxes and curb valves for accessibility and operability on an annual basis.

Responding Witness:

Gerald Baker
Mike Robinson

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3. Delta states that meters acquired through acquisition of a gas system shall be excluded from the test group and that meters with insufficient test data shall be tested as soon as practical. If sufficient test data is available on any acquired meters, explain why they will be excluded from the test group.

RESPONSE:

Meters acquired through an acquisition of a gas system with sufficient test data and meeting Delta's meter standards shall be included in the test group. Those meters not meeting Delta's meter standards and/or meters with insufficient test data will be excluded from the test group and shall be tested as soon as practical.

Responding Witness:

Bobby Coyle

DELTA NATURAL GAS COMPANY, INC.
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4. Provide the percentage of accuracy Delta has experienced under its current testing procedure for each meter classification during the last ten years. Include all supporting documentation.

RESPONSE:

See attached Exhibits I, II and III.

Responding Witness:

Bobby Coyle

REPORT OF METER ACCURACY
RESIDENTIAL - SMALL COMMERCIAL CLASS METERS
2000 - 2009



NAME OF UTILITY DELTA NATURAL GAS COMPANY, INC.
 TOWNS COVERED BY THIS REPORT: ALL AREAS SERVED
 PERIOD COVERED BY THIS REPORT 20000101 thru 20090515

ADDRESS: 3617 LEXINGTON RD. WINCHESTER, KY 40391

Meters from Service % of Accuracy	DR	10 -	-5.1 to -10	-4.1 to -5	-3.1 to -4	-2.1 to -3	-1.1 to -2	-0.1 to -1	0	0.1 to 1	1.1 to 2	2.1 to 3	3.1 to 4	4.1 to 5	5.1 to 10	10 +	Totals
<i>Yrs. Since Last Test</i>																	
< 1 year	43				1	1	6	47	6	91	28						223
1 to 2 Yrs.	148		2	3	3	7	26	262	44	472	31	1		1	1	1	1002
3 to 4 Yrs.	143		4	3	3	7	41	405	58	906	92				1		1663
5 to 6 Yrs.	177		1	2	4	21	111	889	111	1795	232						3343
7 to 8 Yrs.	154		3	5	7	34	111	906	96	1659	259	1					3235
9 to 10 Yrs.	521		30	26	83	263	1106	8735	944	17232	2589	60	29	5	5	3	31631
Over 10 yrs.							2			7	2						11
Unknown		0															0
TOTALS	1186	0	40	39	101	333	1403	11244	1259	22162	3233	62	29	6	7	4	41108

Condition of Meters

DR
More than 2% Fast
More than 2% Slow
Within Limits
Total Tested this period:

Number

1186
108
513
39301
41108

Percent %

2.89%
0.26%
1.25%
95.60%

REPORT OF METER ACCURACY LARGE COMMERCIAL CLASS METERS

2000 - 2009



NAME OF UTILITY DELTA NATURAL GAS COMPANY, INC.
 TOWNS COVERED BY THIS REPORT: ALL AREAS SERVED
 PERIOD COVERED BY THIS REPORT 20000101 thru 20090515

ADDRESS: 3617 LEXINGTON RD. WINCHESTER, KY 40391

Meters from Service % of Accuracy	DR	10 -	-5.1 to -10	-4.1 to -5	-3.1 to -4	-2.1 to -3	-1.1 to -2	-0.1 to -1	0	0.1 to 1	1.1 to 2	2.1 to 3	3.1 to 4	4.1 to 5	5.1 to 10	10 +	Totals
<i>Yrs. Since Last Test</i>																	
< 1 year						1	1	9		11	2						24
1 to 2 Yrs.	10		1			2	7	10	3	37	11						81
3 to 4 Yrs.	4					1	6	16		30	5						62
5 to 6 Yrs.	32		7	6	18	72	148	474	28	504	140	4	1			1	1435
Unknown		0												0	0		0
TOTALS	46	0	8	6	18	76	162	509	31	582	158	4	1	0	0	1	1602

Condition of Meters

DR
 More than 2% Fast
 More than 2% Slow
 Within Limits
 Total Tested this period:

<u>Number</u>	<u>Percent %</u>
46	2.87%
6	0.37%
108	6.74%
1442	90.01%
1602	

REPORT OF METER ACCURACY
INDUSTRIAL CLASS METERS
2000 - 2009



NAME OF UTILITY DELTA NATURAL GAS COMPANY, INC.
 TOWNS COVERED BY THIS REPORT: ALL AREAS SERVED
 PERIOD COVERED BY THIS REPORT 20000101 thru 20090515

ADDRESS: 3617 LEXINGTON RD. WINCHESTER, KY 40391

Meters from Service % of Accuracy	DR	10 -	-5.1 to -10	-4.1 to -5	-3.1 to -4	-2.1 to -3	-1.1 to -2	-0.1 to -1	0	0.1 to 1	1.1 to 2	2.1 to 3	3.1 to 4	4.1 to 5	5.1 to 10	10 +	Totals
<i>Yrs. Since Last Test</i>																	
1 to 2 Yrs	1		11	3	19	42	168	725	4	718	187	2	1			3	1884
Unknown		0												0	0		0
TOTALS	1	0	11	3	19	42	168	725	4	718	187	2	1	0	0	3	1884

Condition of Meters

DR
 More than 2% Fast
 More than 2% Slow
 Within Limits
 Total Tested this period:

Number

1
6
75
1802
1884

Percent %

0.05%
0.32%
3.98%
95.65%

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DATED MAY 13, 2009

5. Explain how Delta determined the proposed acceptable quality level for the percentage of accuracy to be 85 percent or greater.

RESPONSE:

American Meter Company/Elster (AMCO) warrants that no less than eighty-five (85) percent of their meters will maintain their original set point calibration, plus or minus two (2) percent. As stated in our proposal, Delta exclusively purchases meter from AMCO. Replacement parts are also purchased through AMCO or through companies that produce parts of equal quality. All meters tested and/or repaired by Delta's meter shop meet or exceed meter testing and/or repair standards as set forth by the meter industry and are of equal workmanship to that of AMCO.

See attached Certificate from American Meter Company.

Responding Witness:

Bobby Coyle



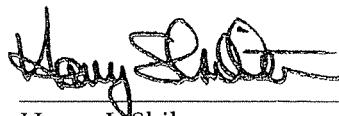
Domestic Gas Meter Service Life Warranty

American Meter Company hereby warrants domestic gas meters, all Models AC-250, AT-250, AT-210 and AM-250 as follows:

No less than 85% of all specified gas meters will maintain their original factory set point calibration, plus or minus 2%.

All specified gas meters will be free of defects in materials or workmanship.

This warranty will remain in effect for a period of 15 years from the date of shipment, or until the first periodic meter changeout, whichever occurs first.



Harry I. Skilton
President and C.E.O.

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6. Refer to the Meter Classification section of Delta's meter testing program proposal.

a. For each of the meter classifications listed, provide the number of meters in service on Delta's system as of December 31, 2008.

b. For each of the three meter classifications, provide the service lives used by Delta to calculate depreciation expense.

RESPONSE:

a. See attached Exhibit I.

b. All meters, regardless of classification, are on a depreciation schedule of 43.86 years.

Responding Witness:

Bobby Coyle (a)
Jonathan Morpew (b)

**REPORT OF METERS, CONSUMERS, AND REFUNDS
TO
THE PUBLIC SERVICE COMMISSION OF KENTUCKY
FRANKFORT, KENTUCKY
DISPLACEMENT METER REPORT
THIS REPORT IS TO BE MADE QUARTERLY**



NAME OF UTILITY DELTA NATURAL GAS COMPANY, INC.
TOWNS COVERED BY THIS REPORT: ALL AREAS SERVED
PERIOD COVERED BY THIS REPORT 20081001 thru 20081231

ADDRESS: 3617 LEXINGTON RD. WINCHESTER, KY 40391

Total Commercial Customers Served:	5,164
Total Industrial Customers Served:	49
Total Residential Customers Served:	31,402
Total Number - All Classes:	36,615

Meters from Service % of Accuracy	DR	10 -	-5.1 to -10	-4.1 to -5	-3.1 to -4	-2.1 to -3	-1.1 to -2	-0.1 to -1	0	0.1 to 1	1.1 to 2	2.1 to 3	3.1 to 4	4.1 to 5	5.1 to 10	10 +	Totals
<i>Yrs. Since Last Test</i>																	
1 to 2 Yrs.					1		3	24		31	4						63
3 to 4 Yrs.	7						1	6	2	18	3						37
5 to 6 Yrs.	5					2	6	13	3	40	7	1					77
7 to 8 Yrs.	3						3	18	1	21	5						51
9 to 10 Yrs.	6			2	2	4	21	207	18	286	48						594
Unknown		0	0										0	0	0	0	0
TOTALS	21	0	0	2	3	6	34	268	24	396	67	1	0	0	0	0	822

Condition of Meters	Number	Percent %
DR	21	2.55%
More than 2% Fast	1	0.12%
More than 2% Slow	11	1.34%
Within Limits	789	95.99%
Total Tested this period:	822	

Number of new meters not included in total:

Number of Tests Made at the Request of Customers:	0
Number of Tests Made at the Request of the Commission:	0
Number of Meters on Which Refunds Were Made During Period	1
Total Amount of Refunds Made During Period	\$101.91
Number of Customers Billed for Slow Meters During Period:	0
Total Amount Billed on Slow Meters During Period:	\$0 00
Estimated Dollar Amount for D.R. Meters:	\$0 00

Report Covering Meter Tests Approved By:

Reports Covering Customers and Refunds Approved By:

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7. Other gas distribution utilities have typically provided the Commission an estimate of the annual savings they expect to realize from extending their meter testing intervals. Provide Delta's estimated annual savings, the calculation of the savings, and a narrative description of the calculation and all relevant assumptions.

RESPONSE:

Delta has one employee as a full time certified meter tester in the meter shop located in Winchester, Kentucky. We anticipate we will continue his employment, but will be able to use him some for other duties after the requested change. We very recently lost to death a long-time employee in our Winchester warehouse. We anticipate through restructuring of various employees' duties that we may eventually replace this position at a lesser salary and position in the organization. Part of this may be possible by using a portion of our meter shop tester's time to perform other duties if our requested change is allowed.

Since we have not completed all changes and duties related to this, as the untimely death occurred only a few days ago, we are not able to quantify the savings at this time. We believe there may be some savings eventually, and any such savings will be reflected in Delta's future rate cases.

We rotate meters using our district office field personnel. This proposed change in schedule could free-up some time for them, but that is not quantifiable at this time. Our customer service personnel perform many duties, and rotating meters is only one of those. We anticipate being able to handle some expansion in our system, without having

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to add additional personnel, as a result of the requested change. No reductions in work force are anticipated at this time due to the requested change.

Responding Witness:

Johnny Caudill