



S T O L L · K E E N O N · O G D E N
P L L C

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MONICA H. BRAUN
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Jeff DeRouen, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40601

RECEIVED

JUN 04 2010

PUBLIC SERVICE
COMMISSION

June 4, 2010

**Re: *Application of Delta Natural Gas Company, Inc. for an Adjustment of its Rates -
Case No 2010-00116***

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and ten (10) copies of the Certificate of Completed Notice of Delta Natural Gas Company, Inc.

Also enclosed are an original and ten (10) copies of a Petition for Approval to Deviate from Rule.

Should you have questions regarding the enclosed, please contact me at your convenience.

Best regards,

Monica H. Braun

005522.136948/3854592.1

RECEIVED

JUN 04 2010

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DELTA NATURAL)
GAS COMPANY, INC. FOR) CASE NO. 2010-00116
AN ADJUSTMENT OF RATES)

* * * * *

CERTIFICATE OF COMPLETED NOTICE

To: The Public Service Commission, Frankfort, Kentucky

Pursuant to the Rules Governing Tariffs (effective August 4, 1984), I hereby certify that I am Robert C. Hazelrigg, Manager, External Affairs for Delta Natural Gas Company, Inc. ("Delta"), a utility furnishing natural gas service within the Commonwealth of Kentucky which, on the 23rd day of April, 2010, filed an application with the Kentucky Public Service Commission for the approval of an adjustment of the natural gas base rates, terms, and conditions of Delta, and that notice to the public of the filing of the application has been completed in substantial compliance with Section 8 of said Regulation, and 807 KAR 5:001, Section 10 (3) and (4), as follows:

That more than twenty (20) customers will be affected by said change by way of an increase in their rates or charges, and that on the 12th day of April, 2010, there was delivered to the Kentucky Press Service, Inc., an agency that acts on behalf of newspapers of general circulation throughout the Commonwealth of Kentucky in which customers affected reside, for publication in such newspapers once a week for three consecutive weeks beginning on April 20, 2010, pursuant to 807 KAR 5:011, Section 8(2)(c) and 807 KAR 5:001, Section 10(4), a notice of the filing of Delta's Application in this case. Publication of this notice is now complete, although some minor deviations occurred for which Delta is petitioning the Commission for

deviation under 807 KAR 5:001, Section 14 and 807 KAR 5:011, Section 14. An affidavit from the Kentucky Press Service, Inc. confirming this publication and a copy of said notice are enclosed in the envelope marked Exhibit A. The Kentucky Press Service, Inc. has presented to Delta proof of this publication of notice in the form of "tear sheets," which Delta will maintain in its files.

On the 17th day of April, 2010, notice was exhibited for public inspection at the main office and place of business of Delta, and the same will be kept open to public inspection at said office and place of business in conformity with the requirements of 807 KAR 5:011, Section 8.

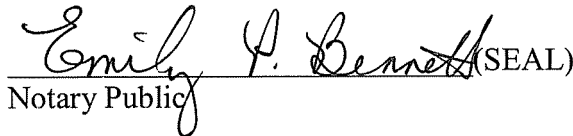
I further certify that, beginning on April 23, 2010, Delta posted a copy of the proposed rates and tariffs on its website, and the same will remain on the website during the pendency of this proceeding.

Given under my hand this 2nd day of June, 2010.



Robert C. Hazelrigg
Manager, External Affairs
Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, Kentucky 40391

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 2nd day of June, 2010.



(SEAL)
Notary Public

My Commission Expires:

6/20/12

NOTARIZED PROOF OF PUBLICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF Franklin

Before me, a Notary Public, in and for said county and state, this 24th day of MAY, 2010, came Rachel McCarty, personally known to me, who, being duly sworn, states as follows: that she is the Advertising Assistant of the Kentucky Press Service, Inc.; that she has personal knowledge of the contents of this affidavit; and that the publications included on the attached list published the Legal Notice for Delta Natural Gas.

Rachel McCarty
Signature

Bonnie J. Howard
Notary Public
My Commission Expires: 9-18-2012

(SEAL)

KENTUCKY PRESS SERVICE

101 Consumer Lane
(502) 223-8821

Frankfort, KY 40601
FAX (502) 875-2624

Rachel McCarty Advertising Dept.

List of newspapers running the Notice to Delta Natural Gas Company Customers. Attached tearsheets provide proof of publication:

Barbourville Mountain Advocate -- April 22, 29 & May 6
Beattyville Enterprise -- April 22, 29 & May 6
Berea Citizen -- April 22, 29 & May 6
Clay City Times -- April 22, 29 & May 6
Corbin Times Tribune -- April 21, 28 & May 5
Flemingsburg Gazette -- April 21, 28 & May 5
Hyden Leslie Co. News -- April 22, 29 & May 6
Irvine Citizen Voice Times -- April 22, 29 & May 6
Lancaster Central Record -- April 22, 29 & May 6
Lexington Herald Leader -- April 21, 28 & May 5
London Sentinel Echo -- April 21, 28 & May 5
Manchester Enterprise -- April 22, 29 & May 6
Maysville Ledger Independent -- April 21, 28 & May 5
Mckee Jackson Co. Sun -- April 22, 29 & May 6
Menifee Co. News -- April 22, May 13 & 20
Middlesboro Daily News -- April 21, 28 & May 5
Morehead News -- April 20, 27 & May 4
Mt. Sterling Advocate -- April 22, 29 & May 6
Nicholasville Jessamine Journal -- April 22, 29 & May 6
Owingsville Bath Co. New Outlook -- April 21, 28 & May 12
Paris Bourbon Citizen -- April 21, 28 & May 5
Pineville Sun -- April 22, 29 & May 6
Richmond Register -- April 21, 28 & May 5
Three Forks Tradition -- April 21, 28 & May 5
Williamsburg News Journal -- April 21, 28 & May 5
Winchester Sun -- April 21, 28 & May 5

Menifee Co. News-- received insertion order with 3 run dates. Failed to put ad in last 2 dates. Due to that ad was rescheduled for May 13 & 20.

Owingsville--overlooked last run date. Ad rescheduled to May 12.

NOTICE

Notice is hereby given that Delta Natural Gas Company, Inc. seeks approval by the Public Service Commission, Frankfort, Kentucky, of an adjustment of rates to become effective on and after May 23, 2010. The present rates charged in all territories served by Delta Natural Gas Company, Inc. are as follows:

PRESENT RATES

	<u>Base Rate</u>	+	<u>GCR</u>	=	<u>Total Rate</u>	
Residential						
Monthly Customer Charge	\$15.30				\$15.30	
All Ccf	\$0.4158		\$0.6036		\$1.0194	per Ccf
Conservation and Efficiency Program Rider	\$0.0085					per Ccf
Energy Assistance Program Rider per month	\$0.2000				\$0.2000	
Small Non-Residential						
Monthly Customer Charge	\$25.00				\$25.00	
All Ccf	\$0.4158		\$0.6036		\$1.0194	per Ccf
Large Non-Residential						
Monthly Customer Charge	\$100.00				\$100.00	
1 - 2,000 Ccf	\$0.4158		\$0.6036		\$1.0194	per Ccf
2,001 - 10,000 Ccf	\$0.2509		\$0.6036		\$0.8545	per Ccf
10,001 - 50,000 Ccf	\$0.1713		\$0.6036		\$0.7749	per Ccf
50,001 - 100,000 Ccf	\$0.1313		\$0.6036		\$0.7349	per Ccf
Over 100,000 Ccf	\$0.1113		\$0.6036		\$0.7149	per Ccf
Interruptible						
Monthly Customer Charge	\$250.00				\$250.00	
1 - 10,000 Ccf	\$0.1600		\$0.6036		\$0.7636	per Ccf
10,001 - 50,000 Ccf	\$0.1200		\$0.6036		\$0.7236	per Ccf
50,001 - 100,000 Ccf	\$0.0800		\$0.6036		\$0.6836	per Ccf
Over 100,000 Ccf	\$0.0600		\$0.6036		\$0.6636	per Ccf
Off-System Transportation	\$0.2700				\$0.2700	per Mcf or Dth
Rider for Gas Technology Institute Research and Development	\$0.0002					per Ccf

Reconnect Charge	\$60.00
Bad Check Charge	\$15.00
Collection Charge	\$20.00

The proposed rates to be charged in all territories served by Delta Natural Gas Company, Inc. are as follows:

PROPOSED RATES

	<u>Base Rate</u>	+	<u>GCR</u>	=	<u>Total Rate</u>	
Residential						
Monthly Customer Charge	\$24.00				\$24.00	
All Ccf	\$0.4334		\$0.6036		\$1.0370	per Ccf
Conservation and Efficiency Program Rider	\$0.0077	per Ccf				
Energy Assistance Program Rider per month	\$0.2000				\$0.2000	
Small Non-Residential						
Monthly Customer Charge	\$35.00				\$35.00	
All Ccf	\$0.4334		\$0.6036		\$1.0370	per Ccf
Large Non-Residential						
Monthly Customer Charge	\$150.00				\$150.00	
1 - 2,000 Ccf	\$0.4334		\$0.6036		\$1.0370	per Ccf
2,001 - 10,000 Ccf	\$0.2686		\$0.6036		\$0.8722	per Ccf
10,001 - 50,000 Ccf	\$0.1889		\$0.6036		\$0.7925	per Ccf
50,001 - 100,000 Ccf	\$0.1489		\$0.6036		\$0.7525	per Ccf
Over 100,000 Ccf	\$0.1289		\$0.6036		\$0.7325	per Ccf
Interruptible						
Monthly Customer Charge	\$250.00				\$250.00	
1 - 10,000 Ccf	\$0.1600		\$0.6036		\$0.7636	per Ccf
10,001 - 50,000 Ccf	\$0.1200		\$0.6036		\$0.7236	per Ccf
50,001 - 100,000 Ccf	\$0.0800		\$0.6036		\$0.6836	per Ccf
Over 100,000 Ccf	\$0.0600		\$0.6036		\$0.6636	per Ccf
Off-System Transportation	\$0.2900				\$0.2900	per Mcf or Dth
Rider for Gas Technology Institute Research and Development	\$0.0002	per Ccf				
Reconnect Charge	\$60.00					
Bad Check Charge	\$15.00					
Collection Charge	\$20.00					

The On-System Transportation Rate shall be the same as the Base Rate for Small Non-Residential, Large Non-Residential and Interruptible customers, as applicable, set forth above.

Delta Natural Gas Company, Inc. proposes a new Pipe Replacement Program tariff. Delta Natural Gas Company, Inc. also proposes a change to the Gas Cost Recovery tariff that provides recovery of Uncollectible Gas Costs through the GCR mechanism. Copies of the proposals may be obtained by contacting Emily P. Bennett, Delta Natural Gas Company, Inc., at 3617 Lexington Road, Winchester, Kentucky 40391, 859-744-6171, Ext. 116.

The foregoing rates reflect an annual proposed increase in revenues of approximately 11.54% to Delta Natural Gas Company, Inc. The estimated amount of annual increase per customer class is as follows: Residential GS: \$ 3,539,053, 15.8%; Small Non-Residential GS: \$ 593,368, 9.2%; Large Non-Residential GS: \$ 668,718, 7.3%; Interruptible: \$ 0, 0%; On-System Transportation: \$ 261,259, 6.3%; Off-System Transportation: \$ 253,030, 7.4%.

The average monthly bill for each customer class to which the proposed rates will apply will increase approximately as follows:

Residential	\$ 9.62	or	15.9%
Small Non-Residential	\$ 11.95	or	9.2%
Large Non-Residential	\$ 64.24	or	7.3%
Interruptible	\$ 0.00	or	0.0%
On-System Transportation	\$ 90.62	or	6.3%
Off-System Transportation	\$2,074.02	or	7.4%

The rates contained in this notice are the rates proposed by Delta Natural Gas Company, Inc.; however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Notice is further given that any corporation, association, body politic or person with a substantial interest in the matter may by written request, within thirty (30) days after publication of the notice of the proposed rate changes, request to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky 40601, and shall set forth the grounds for the request, including the status and interest of the party. Intervention may be granted beyond the thirty (30) day period for good cause shown. Any person who has been granted intervention may obtain copies of the application and any other filings made by the utility by contacting Emily P. Bennett, Delta Natural Gas Company, Inc., 3617 Lexington Road, Winchester, Kentucky 40391, 859-744-6171, Ext. 116.

A copy of the application and testimony shall be available for public inspection at the offices of Delta Natural Gas Company, Inc. or the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

A copy of this Notice and the proposed tariffs, once filed, shall also be available for public inspection on the website of Delta Natural Gas Company, Inc. at www.deltagas.com.

Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391
859-744-6171 ext. 116

Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602
502-564-3940

RECEIVED

JUN 04 2010

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DELTA NATURAL)
GAS COMPANY, INC. FOR) CASE NO. 2010-00116
AN ADJUSTMENT OF RATES)

* * * * *

PETITION FOR APPROVAL TO DEVIATE FROM RULE

Delta Natural Gas Company, Inc. (“Delta”) petitions the Kentucky Public Service Commission to grant Delta approval, pursuant to 807 KAR 5:011, Section 14, to deviate from the notice requirements of 807 KAR 5:011, Section 8(2) in the above-captioned proceeding because Delta has substantially complied with the Commission’s notice regulations. In support of this petition, Delta states as follows:

1. On April 23, 2010, Delta filed an application with the Commission requesting approval of an adjustment of its existing rates. On April 12, 2010, Delta delivered to the Kentucky Press Service, Inc. a notice of the filing of its application for publication in twenty-six newspapers in Delta’s service areas, once a week for three consecutive weeks, with the first publication to be made prior to the filing of Delta’s application, as required by 807 KAR 5:011, Section 8(2)(c). See Certificate of Completed Notice.

2. Certain of the newspapers that were to publish notice of the filing of Delta’s application omitted to publish the notice for the three consecutive weeks Delta instructed. As a result, the notice was not published for three consecutive calendar weeks in two of the twenty-six newspapers. This error did not affect Delta’s compliance with the requirement that the first publication be made prior to the filing of Delta’s application.¹

¹ 807 KAR 5:011, Section 8(2)(c).

3. The two newspapers that did not publish notice of the filing of Delta's application once a week for three consecutive calendar weeks are the *Menifee County News* and the *Bath County News-Outlook*. The *Menifee County News* published the notice as scheduled on April 22, 2010, but failed to publish the notice in the next two calendar weeks as instructed. Notice was published, however, on May 13, 2010 and May 20, 2010. The *Bath County News-Outlook* published the notice as scheduled on April 21, 2010 and April 28, 2010, but failed to publish the notice in the following calendar week as instructed. Notice was published, however, on May 12, 2010. *See* Notarized Proof of Publication.

4. Due to the failure of the *Menifee County News* and *Bath County News-Outlook* to publish the notice for three consecutive weeks as instructed, Delta will not object on the basis of timeliness to a motion to intervene submitted by a customer in Delta's service areas in Menifee County and Bath County.

5. In addition to causing notice of the filing of its application in this case to be published in newspapers of general circulation in its service areas, Delta has posted the notice for public inspection at its office and place of business, as well as on its website. *See* Certificate of Completed Notice.

6. Delta has not received any complaint concerning the manner in which notice of the filing of its application was published.

7. The purpose of the Commission's regulation is to ensure that the public has sufficient notice of Delta's application and a meaningful opportunity to participate, individually or through representative agencies, in this proceeding. Despite the minor deviations noted above, notice was published in each county three times, and that notice was further supplemented by posting at Delta's offices and on its website. Delta's substantial compliance with the

Commission's regulation has met the purpose of the notice requirement. As stated by the Kentucky Supreme Court

Substantial compliance in regard to publication requirements has been authorized. The purpose of the statute is to allow the public an ample opportunity to become sufficiently informed on the public question involved.²

8. The Commission has authority to permit Delta to deviate from the publication requirements pursuant to 807 KAR 5:011, Section 14.

9. Because Delta is in substantial compliance with the publication requirements of 807 KAR 5:011, Section 8(2)(c), good cause exists for the Commission to permit Delta to deviate from the requirement of the regulation and to accept the publication of notice of Delta's application as sufficient.

WHEREFORE, Delta Natural Gas Company, Inc. respectfully requests that the Commission grant it approval pursuant to 807 KAR 5:011, Section 14 to deviate from the notice requirements of 807 KAR 5:011, Section 8(2) and to accept the publication of notice of its application as sufficient.

Dated: June 4, 2010

Respectfully submitted,

Robert M. Watt, III
Lindsey W. Ingram, III
Monica H. Braun
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507
(859) 231-3000
robert.watt@skofirm.com
l.ingram@skofirm.com

² *Conrad v. Lexington-Fayette Urban County Government*, 659 S.W.2d 190, 195 (Ky. 1983) (citing *Queenan v. City of Louisville*, 233 S.W.2d 1010 (Ky. 1950)). See also *Lyon v. County of Warren*, 325 S.W.2d 302 (Ky. 1959) (publishing notice of bond referendum outside statutory time limits, accompanied by media attention and other means, held sufficient notice to public).

By Monica H. Braun
Counsel for Applicant

CERTIFICATE OF SERVICE

This is to certify that the foregoing pleading has been served by mailing a copy of same to the following person on this 4th day of June 2010:

Dennis Howard, II, Esq.
Lawrence W. Cook, Esq.
Assistant Attorneys General
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, KY 40601

Monica H. Braun
Counsel for Applicant

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