



Delta Natural Gas Company, Inc.



3617 Lexington Road
Winchester, Kentucky 40391-9797

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

July 13, 2010

RECEIVED

JUL 13 2010

PUBLIC SERVICE
COMMISSION

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

**RE: APPLICATION OF DELTA NATURAL GAS COMPANY, INC.
FOR AN ADJUSTMENT OF RATES – Case No. 2010-00116
(Updates to Question Nos. 41 and 52)**

Dear Mr. Derouen:

On May 7, 2010, in the above-referenced proceeding, Delta Natural Gas Company, Inc. filed initial responses to Question Nos. 41 and 52 of the First Data Request of Commission Staff dated March 31, 2010. Pursuant to the directives in each of these data requests, Delta hereby provides an original and ten (10) copies of the following information:

- PSC-1 Question No. 41 – detailed monthly income statements for May 2010.
- PSC-1 Question No. 52 – updated actual rate case expenses through May 31, 2010.

Please confirm your receipt of these documents by placing the File Stamp of your Office on the enclosed additional copy.

Please contact me if you have any questions about this filing.

Sincerely,

John B. Brown
Chief Financial Officer, Treasurer
and Secretary

Copy: Dennis G. Howard, Assistant Attorney General
Robert M. Watt, Stoll Keenon Ogden PLLC

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUL 13 2010

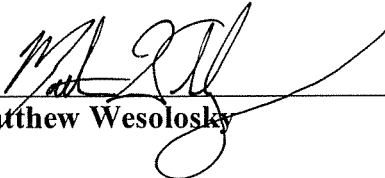
PUBLIC SERVICE
COMMISSION

In the Matter of:

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

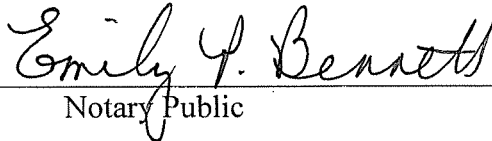
VERIFICATION

The undersigned, **Matthew Wesolosky**, being duly sworn, deposes and states that he is Manager – Accounting & IT of Delta Natural Gas Company, Inc. and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Matthew Wesolosky

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 12th day of July, 2010.



Emily Y. Bennett (SEAL)
Notary Public

My Commission Expires:

6/20/12

**DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2010-00116**

**UPDATED RESPONSE TO
FIRST PSC DATA REQUEST
DATED MARCH 31, 2010
UPDATED RESPONSE FILED JULY 13, 2010**

41. Provide detailed monthly income statements for each month after the test year, including the month in which the hearing ends, as they become available.

RESPONSE:

See attached financial statements for May 2010.

Sponsoring Witness:

Matthew D. Wesolosky

DELTA NATURAL GAS COMPANY, INC.

FINANCIAL STATEMENT

AS OF

May 31, 2010

DELTA NATURAL GAS COMPANY, INC.

BALANCE SHEET

May 31, 2010

ASSETS	2010	2009
GAS UTILITY PLANT, AT COST	\$ 200,841,177	\$ 196,826,302
Less - Reserve for Depreciation	<u>71,618,280</u>	<u>68,492,077</u>
	\$ 129,222,897	\$ 128,334,225
CURRENT ASSETS:		
Cash	\$ 151,564	\$ 242,953
Receivables	2,387,436	3,178,952
Deferred Gas Cost	2,768,702	2,303,510
Gas in Storage, at Cost	3,008,237	1,371,572
Materials and Supplies, at Cost	539,289	631,993
Prepayments	<u>850,326</u>	<u>1,140,427</u>
	\$ 9,705,554	\$ 8,869,407
OTHER ASSETS:		
Cash Surrender Value of Life Insurance	\$ 455,509	\$ 386,620
Unamortized Expenses	4,381,023	4,768,285
Receivable/Investment in Subsidiaries	867,622	5,895,985
Other	<u>9,641,428</u>	<u>8,940,351</u>
	\$ 15,345,582	\$ 19,991,241
TOTAL ASSETS	\$ <u>154,274,033</u>	\$ <u>157,194,873</u>
LIABILITIES		
CAPITALIZATION:		
Common Stock	\$ 3,331,531	\$ 3,313,798
Paid-in Surplus	47,459,829	47,013,077
Capital Stock Expense	(2,671,938)	(2,643,354)
Retained Earnings	<u>13,826,599</u>	<u>12,875,855</u>
Total Common Equity	\$ 61,946,021	\$ 60,559,376
Long-term Debt	<u>57,165,000</u>	<u>57,604,000</u>
Total Capitalization	\$ 119,111,021	\$ 118,163,376
CURRENT LIABILITIES:		
Notes Payable	\$ (9,205,558)	\$ 351,220
Current Portion of Long-Term Debt	1,200,000	1,200,000
Accounts Payable	3,523,598	2,564,274
Accrued Taxes	504,890	2,574,073
Refunds Due Customers	0	0
Customer Deposits	565,455	519,564
Accrued Interest	550,851	549,968
Current Deferred Income Taxes	625,771	762,707
Other	<u>1,241,733</u>	<u>1,168,179</u>
	\$ (993,260)	\$ 9,689,985
DEFERRED CREDITS AND OTHER:		
Deferred Income Taxes	\$ 31,826,890	\$ 25,608,565
Deferred Investment Tax Credit	116,450	147,275
Regulatory Items	1,313,924	1,769,244
Advances for Construction and Other	2,015,245	1,816,428
Accumulated Provision for Pensions	<u>883,763</u>	<u>0</u>
	\$ 36,156,272	\$ 29,341,512
TOTAL LIABILITIES	\$ <u>154,274,033</u>	\$ <u>157,194,873</u>

DELTA NATURAL GAS COMPANY, INC.

STATEMENT OF RETAINED EARNINGS AND PAID IN SURPLUS

RETAINED EARNINGS

			THIS YEAR	LAST YEAR
BALANCE	JULY 1, 2009/2008	\$	11,215,535	\$ 10,330,345
ADD				
	Net income(Loss) applicable to common stock		5,851,756	5,810,633
DEDUCT				
	Common Dividends		3,240,692	3,170,823
	Adoption of FASB Interpretation No. 48		-	-
	Adoption of FASB Statement No. 158		-	94,300
BALANCE	May 31, 2010 / 2009	\$	13,826,599	\$ 12,875,855

PAID-IN SURPLUS

BALANCE	JULY 1, 2009/2008	\$	47,108,955	\$ 46,610,835
ADD				
	Excess of sales price over par value of common stock		350,874	402,242
DEDUCT				
BALANCE	May 31, 2010 / 2009	\$	47,459,829	\$ 47,013,077

DELTA NATURAL GAS COMPANY, INC.
STATEMENT OF INCOME

May 31, 2010

	11 MONTHS TO DATE		12 MONTHS ENDED	
	2010	2009	2010	2009
OPERATING REVENUES	\$ 47,330,184	\$ 65,890,962	\$ 49,343,531	\$ 68,332,483
OPERATING EXPENSES & TAXES:				
Gas Purchased	\$ 20,180,149	\$ 38,582,939	\$ 20,734,735	\$ 39,407,849
Operations	11,578,912	12,104,744	12,290,892	13,327,156
Maintenance	633,320	636,980	724,559	845,037
Depreciation	3,502,680	3,419,272	3,820,549	3,724,507
Property & Other Taxes	1,809,083	1,655,850	2,010,525	1,786,542
Income Taxes	<u>2,054,168</u>	<u>2,000,826</u>	<u>1,962,275</u>	<u>1,768,823</u>
Total	\$ 39,758,312	\$ 58,400,611	\$ 41,543,535	\$ 60,859,914
Operating Income	\$ 7,571,872	\$ 7,490,351	\$ 7,799,996	\$ 7,472,569
OTHER INCOME/(EXPENSES),NET	1,995,155	2,286,876	1,505,189	2,061,465
Gross Income	\$ 9,567,027	\$ 9,777,227	\$ 9,305,185	\$ 9,534,034
OTHER DEDUCTIONS:				
Interest on Debt	\$ 3,360,280	\$ 3,611,603	\$ 3,666,071	\$ 3,937,173
Amortization	354,991	354,991	387,263	387,266
Other	-	-	-	-
Total	\$ 3,715,271	\$ 3,966,594	\$ 4,053,334	\$ 4,324,439
NET INCOME(LOSS) APPLICABLE TO COMMON STOCK	\$ 5,851,756	\$ 5,810,633	\$ 5,251,851	\$ 5,209,595
EARNINGS PER AVERAGE SHARES OUTSTANDING	\$ 1.76	\$ 1.76	\$ 1.58	\$ 1.58
CUSTOMERS AT END OF PERIOD			35,910	35,953
AVERAGE SHARES	3,325,435	3,305,025	3,324,540	3,304,019
	FISCAL YTD	FISCAL YTD	12 MONTH ENDED	12 MONTH ENDED

DELTA NATURAL GAS COMPANY, INC.
CASE NO. 2010-00116

**UPDATED RESPONSE TO
FIRST PSC DATA REQUEST
DATED MARCH 31, 2010
UPDATED RESPONSE FILED JULY 13, 2010**

52. Provide the following information concerning the costs for the preparation of this case:
- a. A detailed schedule of expenses incurred to date for the following categories:
 - (1) Accounting;
 - (2) Engineering;
 - (3) Legal;
 - (4) Consultants; and
 - (5) Other Expenses (identify separately).

For each category, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of any invoices, contracts, or other documentation that support charges incurred in the preparation of this rate case. Indicate any costs incurred for this case that occurred during the test year.

- b. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.
- c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner requested in (a) above. Updates will be due the last business day of each month, through the month of the public hearing.

RESPONSE:

- c. See attached schedule 52 c through May 31, 2010.

Sponsoring Witness:

Matthew D. Wesolosky

DELTA NATURAL GAS COMPANY, INC.

CASE NO. 2010-00116

Rate Case Expenses

for period ended 12/31/2009

(Expenses thru 5/31/2010)

Item 52.c.

Page 1 of 2

Line No.	AC#	Date	Check #	Vendor #	Vendor Name	Total Amount	Description	Hours	Rate/Hr	Amt
1	1.186.21	2010-04-15	272213	2635	YARBER, EUNICE	960	CONSULTING - YARBER	48.00	20	960
2	1.186.21	2010-04-15	272213	2635	YARBER, EUNICE	700	CONSULTING - YARBER	35.00	20	700
2	1.186.21	2010-04-30	272685	2635	YARBER, EUNICE	580	CONSULTING - YARBER	29.00	20	580
3	1.186.21	2010-04-15	272207	3640	PRIME GROUP LLC. THE	20,175	CONSULTING - SEELYE	16.00	200	3,200
4	1.186.21	2010-04-15	272207	3640	PRIME GROUP LLC. THE		CONSULTING - BLAKE	41.00	200	8,200
5	1.186.21	2010-04-15	272207	3640	PRIME GROUP LLC. THE		CONSULTING - GARCIA	47.00	150	7,050
6	1.186.21	2010-04-15	272207	3640	PRIME GROUP LLC. THE		CONSULTING - WERNERT	11.50	150	1,725
7	1.186.21	2010-04-30	272700	3640	PRIME GROUP LLC. THE	33,400	CONSULTING - SEELYE	64.00	200	12,800
8					PRIME GROUP LLC. THE		CONSULTING - BLAKE	19.00	200	3,800
9					PRIME GROUP LLC. THE		CONSULTING - GARCIA	47.00	150	7,050
10					PRIME GROUP LLC. THE		CONSULTING - WOLFRAM	57.50	150	8,625
11					PRIME GROUP LLC. THE		CONSULTING - WERNERT	7.50	150	1,125
12	1.186.21	2010-05-31	273365	3640	PRIME GROUP LLC. THE	* 9,450	CONSULTING - SEEYLE	15.00	200	3,000
13					PRIME GROUP LLC. THE		CONSULTING - BLAKE	6.00	200	1,200
14					PRIME GROUP LLC. THE		CONSULTING - GARCIA	17.00	150	2,550
15					PRIME GROUP LLC. THE		CONSULTING - WOLFMAN	18.00	150	2,700
16					TOTAL CONSULTANTS	65,265		478.50		65,265
17	1.186.21	2010-03-31	272119		STOLL, KEENON & OGDEN	1,813	ATTORNEY FEES - WATT	5.30	342	1,813
18	1.186.21	2010-04-30	272840		STOLL, KEENON & OGDEN	6,075	ATTORNEY FEES - WATT	16.00	380	6,075
19	1.186.21	2010-05-31	273663		STOLL, KEENON & OGDEN	* 4,092	ATTORNEY FEES - WATT	7.60	380	2,600
							ATTORNEY FEES - INGRAM	3.00	305	825
							ATTORNEY FEES - BRAUN	3.70	200	667
20	1.186.21	2010-05-31	273663		STOLL, KEENON & OGDEN	* 329	ATTORNEY FEES - CAMENISCH	1.00	329	329
21					TOTAL LEGAL	12,309		36.6		12,309

DELTA NATURAL GAS COMPANY, INC.

CASE NO. 2010-00116

Rate Case Expenses

for period ended 12/31/2009

(Expenses thru 5/31/2010)

Item 52.c.

Page 2 of 2

Line No.	AC#	Date	Check #	Vendor #	Vendor Name	Total Amount	Description	Hours	Rate/Hr	Amt
22	1.186.21	2010-05-31	273361		KENTUCKY PRESS SERVICE	* 63,819	ADVERTISEMENT			63,819
23										
24					TOTAL NEWSPAPER ADS	63,819				63,819
25	1.186.21	2010-04-30	272523	4314	B B & T - VISA	36	CERTIFIED RECORDS FOR RATE CASE			36
26	1.186.21	2010-04-30	272496	4314	B B & T - VISA	1,759	SUPPLIES			1759
27	1.186.21	2010-04-30	272496	4314	B B & T - VISA	172	SUPPLIES			172
28	1.186.21	2010-05-31	273367	2046	REES OFFICE PRODUCTS	* 2,308	SUPPLIES			2308
29					TOTAL SUPPLIES - OTHER	4,275				4,275
30						*	Indicates Invoice copy included			
31										
32					TOTAL RATE CASE #2009-0016 EXPENSE @ 2010-05-31	145,668				

The Prime Group

Invoice for Services Rendered

Invoice Date: June 1, 2010

Invoice Number 62010-1

6/7
023

To: Delta Natural Gas Company
3617 Lexington Road
R. R. #1, Box 30-A
Winchester, Kentucky 40391

Attn: Mr. John Brown

15.0 hours of consulting work by Steve Seelye @ \$200.00/hr performed during May for preparing testimony and responding to data requests for a retail rate case in Kentucky. \$ 3,000.00

6.0 hours of consulting work by Marty Blake @ \$200.00/hr performed during May for preparing testimony and responding to data requests for a retail rate case in Kentucky. \$ 1,200.00

17.0 hours of consulting work by Paul Garcia @ \$150.00/hr performed during May in developing a lead/lag study for a retail rate case that will be filed in Kentucky. \$ 2,550.00

18.0 hours of consulting work by John Wolfram @ \$150.00/hr performed during May for preparing testimony and responding to data requests for a retail rate case in Kentucky. \$ 2,700.00

Total due for May \$ 9,450.00

Please remit payment to:

The Prime Group, LLC
P.O. Box 837
Crestwood, KY 40014-0837

W

*OK
JBM
62-10*

STOLL · KEENON · OGDEN

PLLC

300 West Vine Street

Suite 2100

Lexington, Kentucky 40507-1801

(859) 231-3000

Tax Id # 61-0421389

June 11, 2010

Delta Natural Gas Company, Inc.
Attn: Glenn R. Jennings, President
3617 Lexington Road
Winchester, KY 40391

INVOICE NO.: 653783
SKO File No: 5522/136948

Please Remit This Page With Payment To:

STOLL · KEENON · OGDEN

PLLC

P.O. Box 11969

Lexington, Kentucky 40579-1969

Re: 2010 Rates

Our Reference: 005522/136948/RMW/1008

Fees rendered this bill	\$ 4,088.70
Disbursements	\$ 2.40
Total Current Charges This Matter	\$ 4,091.10

1,186.21

*PLEASE INDICATE INVOICE NUMBER 653783 ON PAYMENT

STOLL · KEENON · OGDEN
 PLLC
 300 West Vine Street
 Suite 2100
 Lexington, Kentucky 40507-1801
 (859) 231-3000
 Tax Id # 61-0421389
 June 11, 2010

Delta Natural Gas Company, Inc.
 Attn: Glenn R. Jennings, President
 3617 Lexington Road
 Winchester, KY 40391

INVOICE NO.: 653783
 SKO File No.: 5522/136948

MATTER NAME: 2010 Rates

TOTAL FEES FOR PROFESSIONAL SERVICES PER ATTACHED	4,543.00
<i>COURTESY REDUCTION</i>	<i>(454.30)</i>
TOTAL CHARGES FOR EXPENSES AND OTHER SERVICES PER ATTACHED	<u>2.40</u>
INVOICE TOTAL	<u>\$ 4,091.10</u>
TOTAL BALANCE DUE	<u><u>\$4,091.10</u></u>

*PLEASE INDICATE INVOICE NUMBER 653783 ON PAYMENT

STOLL · KEENON · OGDEN
 PLLC
 300 West Vine Street
 Suite 2100
 Lexington, Kentucky 40507-1801
 (859) 231-3000
 Tax Id # 61-0421389
 June 11, 2010

Delta Natural Gas Company, Inc.
 Attn: Glenn R. Jennings, President
 3617 Lexington Road
 Winchester, KY 40391

INVOICE NO.: 653771
 SKO File No.: 5522/5777

Please Remit This Page With Payment To:
STOLL · KEENON · OGDEN
 PLLC
 P.O. Box 11969
 Lexington, Kentucky 40579-1969

Re: General

Our Reference: 005522/005777/RMW/1001

Fees rendered this bill	\$ 7,847.10
Disbursements	\$ 53.90
Total Current Charges This Matter	\$ 7,901.00



1.923.01 7572.50
 1.186.21 328.50

*PLEASE INDICATE INVOICE NUMBER 653771 ON PAYMENT

DATE	IND	DESCRIPTION OF SERVICE	HOURS	RATE	AMOUNT
05/18/10	AJD	Draft memorandum regarding Public Utility Holding Company Act of 2005.	6.00	235.00	1,410.00
05/19/10	AJD	Work on memorandum regarding Public Utility Holding Company Act of 2005.	0.50	235.00	117.50
05/26/10	RMW	Examine Jennings testimony in customer choice case; review Commission orders; e-mail Jennings re same	1.00	380.00	380.00
05/28/10	JMC	Emails on ARO issues - call to Wesolosky - review letter - conference with firm attorney Watt	1.00	365.00	365.00
SUBTOTAL			28.20		\$8,719.00

Rate Case

EXPENSES AND OTHER SERVICES

DATE	DESCRIPTION	AMOUNT
05/04/10	Duplicating Charges	0.10
05/06/10	Duplicating Charges	13.90
05/21/10	long distance transportation, mileage	38.00
05/27/10	Duplicating Charges	0.60
05/28/10	Telephone Expense	0.20
05/28/10	Telephone Expense	1.10
SUBTOTAL		53.90
GRAND TOTAL:		\$8,772.90

ATTORNEY/PARALEGAL SUMMARY

TIMEKEEPER	RANK	HOURS	RATE	AMOUNT
J. Camenisch	Member	1.00	365.00	\$365.00
L. W Ingram, III	Member	0.50	305.00	\$152.50
R. M Watt	Member	7.90	380.00	\$3,002.00
M. Braun	Associate	3.30	200.00	\$660.00
A. J Donovan	Associate	10.90	235.00	\$2,561.50
R. B Campbell	Of Counsel	4.60	430.00	\$1,978.00

*PLEASE INDICATE INVOICE NUMBER 653771 ON PAYMENT



KENTUCKY PRESS SERVICE

101 CONSUMER LANE
FRANKFORT, KY 40601-
Voice (502) 223-8821 Fax (502) 875-2624

Monday, May 24, 2010 03:29 PM

Invoice

6/7 023
5/10

Agency BOB HAZELRIGG
DELTA NATURAL GAS COMPANY, INC.
3617 LEXINGTON ROAD
WINCHESTER, KY 40391-

PO Number
Order 10051DD0

Client DELTA NATURAL GAS CO.

Newspaper

Caption	Run Date	Ad Size	Rate	Rate Name	Color	Disc.	Total
WILLIAMSBURG NEWS-JOURNAL							
Notice Delta Natural Gas	04/21/2010	5 x 17	\$12.75	CLDIS	\$0.00	0.0000%	\$1,083.75
Notice Delta Natural Gas	04/28/2010	5 x 17	\$12.75	CLDIS	\$0.00	0.0000%	\$1,083.75
Notice Delta Natural Gas	05/05/2010	5 x 17	\$12.75	CLDIS	\$0.00	0.0000%	\$1,083.75
WINCHESTER SUN							
Notice Delta Natural Gas	04/21/2010	4 x 17.75	\$13.92	CLDIS	\$0.00	0.0000%	\$988.32
Notice Delta Natural Gas	04/28/2010	4 x 17.75	\$13.92	CLDIS	\$0.00	0.0000%	\$988.32
Notice Delta Natural Gas	05/05/2010	4 x 17.75	\$13.92	CLDIS	\$0.00	0.0000%	\$988.32
Total Advertising							\$63,819.20
Discounts							\$0.00
Tax: USA							\$0.00
Total Invoice							\$63,819.20
Payments							\$0.00
Adjustments							\$0.00
Balance Due							\$63,819.20

ANY QUESTIONS CONCERNING TEARSHEETS AND ALL REQUESTS FOR ACCOUNT CREDIT MUST BE MADE WITHIN FIVE DAYS OF THE DATE OF THIS INVOICE. IF THE REQUEST IS NOT RECEIVED WITHIN FIVE DAYS, THE CLIENT IS RESPONSIBLE FOR FULL PAYMENT OF THE INVOICE AMOUNT. Amount Due Subject to 1.5% Service Charge After 30 Days Please Pay From This Invoice. No Statement Will Be Sent.

STATEMENT AS OF 05/29/10

DATE 05/29/10

REES OFFICE PRODUCTS
E-MAIL:RICK@REESOP.COM
301 WEST LEXINGTON AVENUE
WINCHESTER KY 40391
859-744-4785

wh
058

REES OFFICE PRODUCTS
E-MAIL:RICK@REESOP.C
301 WEST LEXINGTON A
WINCHESTER KY
859-744-4785

DELTA NATURAL GAS # 6171 (SLSM) 2
3617 LEXINGTON ROAD PHONE 859-744-6171
WINCHESTER KY 40391 PAGE 1

DELTA NATURAL GAS
6171

INVOICE #	DATE	REMARKS	CHECK/PO	AMOUNT	RUN.BALANCE		
339455-0	05/25/10	INVOICE		45.05	45.05	339455-0	45.05
339551-0	05/05/10	INVOICE	00000	322.16	367.21	339551-0	322.16
339688-0	05/12/10	INVOICE		4150.23	4517.44	339688-0	4150.23
339688-1	05/17/10	INVOICE		109.47	4626.91	339688-1	109.47
339716-0	05/13/10	INVOICE		61.46	4688.37	339716-0	61.46
339847-0	05/20/10	CREDIT RETURN		-2013.47	2674.90	339847-0	-2013.47

1,921.05 367.21
1,186.21 2,307.69

RECEIVED
JUN - 1 2010

TERMS:DUE NET ON 10TH OF MONTH FOLLOWING PURCHASE.
COLOR COPIES NOW AVAILABLE AT REES OFFICE PRODUCTS

1 TO 30	31 TO 60	61 TO 90	OVER 90	TOTAL DUE		
2,674.90	.00	.00	.00	2,674.90	TOTAL	2,674.90

50