



Delta Natural Gas Company, Inc.

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January 25, 2013

RECEIVED

JAN 28 2013

PUBLIC SERVICE
COMMISSION

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

RE: CASE NO. 2012-00428

Dear Mr. Derouen:

Enclosed are the original and ten copies of Delta's Initial Testimony per the Order dated October 1, 2012 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

Connie King
Manager – Corporate & Employee Services

cc: All Parties of Record

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**CONSIDERATION OF THE)
IMPLEMENTATION OF)
SMART GRID AND SMART)
METER TECHNOLOGIES)**

CASE NO. 2012-00428

**JOINT DIRECT TESTIMONY
OF
GLENN R. JENNINGS
ON BEHALF OF
ATMOS ENERGY CORPORATION
COLUMBIA GAS OF KENTUCKY, INC.
DELTA NATURAL GAS COMPANY, INC.**

AFFIDAVIT

The affiant, Glenn R. Jennings, being duly sworn, deposes and states that the prepared testimony attached hereto and made a part hereof, constitutes the prepared direct testimony of this affiant in Case No. 2012-00428, In the Matter of: Consideration of the Implementation of Smart Grid and Smart Meter Technologies, and that if asked the questions propounded therein, this affiant would make the answers set forth in the attached prepared direct testimony.

Affiant further states that he will be present and available for cross-examination and for such additional examination as may be appropriate at hearings or informal conferences in Case No. 2012-00428 scheduled by the Commission, at which time affiant will further reaffirm the attached prepared testimony as his direct testimony in such case.

Glenn R. Jennings
GLENN R. JENNINGS

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Subscribed and sworn to before me by Glenn R. Jennings, this the 24th day of January, 2013.

My Commission Expires: 6/20/2016

Emily P. Bennett
Notary Public, State at Large, Kentucky



1 **Q. Please state your name and business address.**

2 A. Glenn R. Jennings, Delta Natural Gas Company, Inc., 3617 Lexington Road,
3 Winchester, Kentucky 40391.

4 **Q. What is your present employment?**

5 A. I am presently employed as Chairman of the Board, President and Chief
6 Executive Officer of Delta Natural Gas Company, Inc. (“Delta”).

7 **Q. What is the purpose of your testimony?**

8 A. My testimony is being submitted pursuant to the October 1, 2012, order in this
9 proceeding. I am filing it jointly on behalf of Delta, Columbia Gas of Kentucky,
10 Inc. (“Columbia”) and Atmos Energy Corporation (“Atmos”). Delta, Columbia
11 and Atmos are hereinafter referred to collectively as “Joint LDCs”.

12 **Q. Why are the Joint LDCs a party to this proceeding?**

13 A. The Joint LDCs were parties to the Commission proceedings in Administrative
14 Case No. 2008-00408. The Joint LDCs were made a party to this Administrative
15 Case No. 2012-00428 by the Commission’s Order dated October 1, 2012. That
16 Order provided in ordering paragraph 4 that the five major natural gas utilities had
17 30 days from the date of the order to submit arguments supporting a request for
18 termination of status as a party to this case. None of the Joint LDCs did this.

19 **Q. Why did the Joint LDCs not request such termination?**

20 A. The Joint LDCs are pleased to participate in this proceeding, just as they were
21 pleased to be participants in the proceedings in Case No.2008-00408. The Joint
22 LDCs are engaged in the natural gas business in Kentucky. The other 2 major
23 jurisdictional natural gas utilities in Kentucky, Louisville Gas and Electric
24 Company (“LG&E”) and Duke Energy Kentucky, Inc. (“Duke Energy”), also

1 have electric utility operations in Kentucky. The Joint LDCs decided to remain in
2 Case No. 2012-00428 and are filing this joint testimony as their interests as solely
3 natural gas utilities are similar in this proceeding. They believe that they should
4 provide input relating to natural gas in this proceeding.

5 **Q. What is the interest of the Joint LDCs in this proceeding?**

6 A. On page 8 of the order dated October 1, 2012, instituting this proceeding, the
7 Commission said, “The initial testimony of the jurisdictional electric utilities, and
8 other parties if they so choose to file testimony, shall address, but not be limited
9 to, the EISA 2007 Smart Grid Investment Standard, the EISA 2007 Smart Grid
10 Information Standard, the March 25, 2011, Report of the Joint Parties, the March
11 25, 2011 Report of the Joint Parties, the March 25, 2011 Joint Comments of the
12 AG and CAC, and the Smart Grid Roadmap, as well as dynamic pricing.” As the
13 Commission also stated on page 8 of the October 1, 2012, order, “the Commission
14 recognizes that Smart Grid and Smart Meter issues are predominantly focused on
15 the electric industry.” The Joint LDCs have no specific comments on the items
16 enumerated above by the Commission. In general, the Joint LDCs will not be
17 involved in smart metering and smart grid operations as such are generally
18 applicable to electric operations. Therefore our comments address natural gas and
19 some considerations relating thereto.

20 Smart meter and smart grid considerations have generally not been applicable to
21 natural gas meters and pipelines, but have been more related to electric
22 transmission and distribution lines and are focused more on reducing or
23 controlling electricity usage and the resultant need to generate electricity. Natural

1 gas companies have installed automated meter reading facilities that allow faster
2 remote reading of meters. Atmos and Columbia have some automated meter
3 reading and Delta has had 100% automated meter reading for its customers for
4 several years.

5 The Joint LDCs believe that natural gas should be considered when smart grid
6 options are explored and considered by the jurisdictional electric utilities and the
7 Commission. Natural gas can, and does, have a significant role in meeting
8 customers' energy needs. Natural gas use in many areas, including for space
9 heating, water heating, cooking and clothes drying, should be considered as a way
10 to lessen electricity demand and the resultant need to generate electricity. Any
11 effort to utilize smart metering and smart grid methods should also consider
12 natural gas as an option for customers. Natural gas should be used where it has
13 higher value and is an efficient way to meet energy needs.

14 If one objective of our national and state energy policies is the reduction of carbon
15 emissions by reducing the need to build more power plants, then natural gas can
16 help in the solution. Natural gas should be an integral component of smart grid
17 concepts.

18 We encourage the Commission to consider the best end-use of electricity and
19 natural gas and the total cost to the consumer and the country. The direct use of
20 natural gas in home appliances and distributed generation can be important energy
21 efficiency measures. In addition, peak electricity demands would be reduced
22 along with the strains that those peaks place on electricity utilities and their

1 customers. As set forth in a letter dated June 9, 2009 to The Honorable Jon
2 Wellenhoff, Chairman of the Federal Energy Regulatory Commission from
3 David N. Parker, then President and CEO of the American Gas Association, a
4 copy of which is attached to this testimony, the increased use of natural gas in
5 smart grid or smart house designs can produce benefits in addition to the direct
6 use of natural gas in place of other fuels, including electricity, in residential and
7 commercial space heating and appliance applications. As Mr. Parker explains,
8 natural gas-fueled distributed energy resources, including combined heat-and-
9 power systems, can offer potential benefits to electric system planning and
10 operations and the development of a smart grid. Distributed resources can help to
11 meet peak loads, provide services such as reactive power and voltage support and
12 improve power quality.

13 Also, we recommend that the Commission consider the white paper, “Natural Gas
14 in a Smart Energy Future,” by the Gas Technology Institute and Navigant dated
15 January 2011 (the “White Paper”), which was filed in Case No. 2008-00408 as
16 Appendix C: Natural Gas in a Smart Energy Future, attached to the March 25,
17 2011 Report of the Joint Parties and incorporated by reference in this proceeding.
18 We encourage the Commission to consider this White Paper’s vision of a “smart
19 energy future” encompassing a “smart energy infrastructure integrating natural
20 gas with electricity from multiple sources, including renewables,” with “seamless
21 communication and data management between the electric and natural gas
22 infrastructures expanding the concept of a smart electric grid to an energy

1 infrastructure that can enable a smart energy future.”¹ The participation of both
2 electric and gas resources for residential, commercial and industrial customers
3 could enhance reliability, lower costs to consumers and maximize environmental
4 benefits.

5 **Q. Do you have any closing remarks?**

6 A. Yes. The Joint LDCs appreciate the opportunity to be a part of this proceeding.
7 We stand ready to help and provide input in any areas possible. We look forward
8 to working with the Commission as well as the Attorney General and the other
9 intervenors to further improve utility services while providing ways that
10 customers can make more economic and efficient energy choices.

11 **Q. Does this conclude your testimony?**

12 A. Yes.

¹ See the White Paper, p. i.



American Gas Association

DAVID N. PARKER
President and CEO

June 9, 2009

The Honorable Jon Wellinghoff
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: *Smart Grid Policy*, Docket No. PL09-4-000

Dear Chairman Wellinghoff:

The American Gas Association (AGA), which represents 202 local energy companies that deliver natural gas to more than 65 million customers throughout the United States, supports the Commission's efforts to improve the efficiency of the nation's energy network through the implementation of smart grid policies as proposed by the Commission in its Smart Grid Policy Statement on March 19. In that regard, AGA concurs with other natural gas trade associations that abundant, domestic natural gas resources, along with transmission and distribution networks, can play a significant role in increasing the reliability and efficiency of the nation's energy grid. We ask that the Commission implement policies that promote the role of distributed energy production as an essential resource in the development of a smart approach to energy production and delivery.

Natural gas-fueled distributed energy resources can help achieve several of the broad policy goals identified in the Policy Statement, including enhancing the reliability of the bulk-power system, reducing long-term costs to consumers, and promoting the integration of renewable energy resources into the electric transmission system to meet future energy needs.

Distributed generation and combined-heat-and-power ("CHP") systems offer significant potential benefits to electric system planning and operations. These resources can be used to reduce peak loads, provide ancillary services such as reactive power and voltage support, and improve power quality. The types of services provided by distributed resources may be particularly valuable in integrating intermittent renewable resources because distributed resources could be called upon quickly with little or no ramp-up time required. In addition, CHP systems, some of which operate with as much as 80 percent efficiency, can advance environmental goals by reducing emissions of carbon dioxide and other pollutants.

A key for maximizing the environmental and reliability benefits of distributed generation and CHP systems is the successful integration of these resources with transmission system planning and operations. Smart grid policies to promote the efficient use of the nation's electric grid should foster the development of these resources and provide for their integration into system planning and operations. The communications protocols that allow customers to interface with electric system operations to provide demand response resources should be robust enough to

The Honorable John Wellinghoff

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June 9, 2009

allow distributed generation and CHP systems to provide a variety of demand response and grid reliability services.

The ability of gas transmission and distribution systems to accommodate on short notice the needs of gas-fired electric generators that support renewable resources deserves continued attention. Natural gas distribution utilities play an important role in supporting distributed generation resources and increasing grid reliability and efficiency.

We appreciate your leadership on these issues and look forward to working with the Commission to improve the efficiency, security and reliability of the nation's energy production and delivery network.

Sincerely,

A handwritten signature in black ink, appearing to read "David N. Parker". The signature is written in a cursive, flowing style with a large initial "D".

David N. Parker

cc: Hon. Suedeen Kelly, Commissioner, Federal Energy Regulatory Commission
Hon. Philip D. Moeller, Commissioner, Federal Energy Regulatory Commission
Hon. Marc Spitzer, Commissioner, Federal Energy Regulatory Commission