



DELTA NATURAL GAS COMPANY, INC.

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December 20, 2017

Ms. Gwen R. Pinson
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

Dear Ms. Pinson:

Please find the enclosed for filing with the Commission, via the electronic tariff filing system, Delta's Annual Conservation/Efficiency Program (CEP) Rate Filing. The CEP rate to be effective with the first billing cycle of February 2018 has been calculated to be \$0.24857.

Sincerely,

Jenny Lowery Croft
Manager –Employee & Regulatory Services

**CLASSIFICATION OF SERVICE – RATE SCHEDULES
RESIDENTIAL**

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate	+	Gas Cost Recovery Rate (GCR) **	=	Total Rate
Customer Charge *	\$ 20.90000				\$ 20.90000
All Ccf ***	\$ 0.43185		\$ 0.54970		\$ 0.98155 /Ccf

* The customer charge includes \$0.20 collected under Delta's Energy Assistance Program Tariff Rider as set forth on Sheet No. 38 of this tariff.

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

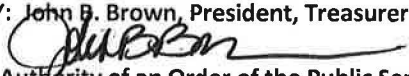
*** Residential rates are also subject to the "Conservation/Efficiency Program Cost Recovery Component (CEPRC)" of .24857/Ccf. The CEPRC is an adjustment determined in accordance with the Conservation/Efficiency Program Cost Recovery as set forth on Sheets 39 – 42 of this tariff. (l)

Residential rates are also subject to a Pipe Replacement Program charge of \$2.70, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

DATE OF ISSUE: December 20, 2017

DATE EFFECTIVE: January 24, 2018

ISSUED BY: John B. Brown, President, Treasurer and Secretary



Issued by Authority of an Order of the Public Service Commission of KY in
Case No. _____ dated _____

Delta Natural Gas Company, Inc.
 Conservation/Efficiency Program
 Billing Factor Calculation
 Filing Due Date: January 1

Program Year End: October 31, 2017
 Rate Effective: January 24, 2018

CEPCR - Conservation/Efficiency Program Cost Recovery

Program Costs				
Unrecovered CEP Rebates(Schedule A)	AC 1.186.61	\$	160,750	
Unrecovered CEP Rebates - Labor	AC 1.186.611		11,904	
Unrecovered Energy Audits - Material	AC 1.186.62		-	
Unrecovered Energy Audits - Labor	AC 1.186.621		86	
Unrecovered CEP Customer Awareness	AC 1.186.63		-	
Unrecovered CEP Admin - Labor	AC 1.186.64		-	
Unrecovered CEP Admin - Labor	AC 1.186.641		184	
Total Program Costs		\$	172,924	
TOTAL CEPCR		\$	172,924	

CEPLS - Conservation/Efficiency Program Lost Sales

Current Year Program Participation (Schedule A)

Rate	# of Participants	CCF Conserved	Distribution Charge	Lost Sales
High Efficiency Heating Savings				
1. High Efficiency Forced Air Furnaces	233	23,304.7	\$ 0.43185	\$ 10,064
2. High Efficiency Dual Fuel Units	40	834.0	\$ 0.43185	\$ 360
3. High Efficiency Gas Space Heating	73	1,192.1	\$ 0.43185	\$ 515
4. High Efficiency Gas Logs/Fireplaces	133	7,368.2	\$ 0.43185	\$ 3,182
High Efficiency Water Heating Savings				
1. High Efficiency Holding Tank Models	54	2,435.9	\$ 0.43185	\$ 1,052
2. High Efficiency Power Vent Models	15	939.3	\$ 0.43185	\$ 406
3. High Efficiency On-Demand Models	68	7,384.1	\$ 0.43185	\$ 3,189
Energy Audits				
1. Residential Energy Audits	1	30.0	\$ 0.43185	\$ 13
Total Current Year Lost Sales	617	43,488.3		\$ 18,781

Cumulative Prior Years Participation (Schedule B)

Total Prior Year(s) Lost Sales	3,678	250,656.3	0.43185	\$ 108,246
TOTAL CEPLS	4,295	294,144.6		\$ 127,027

CEPI - Conservation/Efficiency Program Incentive

Program Benefits (Schedule C)	\$	160,628
Less: Program Costs	\$	(172,924)
Net Resource Savings	\$	(12,296)
Incentive Percentage		15%
CEPI	\$	-

CEPBA - Conservation/Efficiency Program Balancing Adjustment

Prior year DSMRC recovery amount	\$	298,543
Projected recovery 11/1/16 through 1/31/17 used in calculation of prior year DSMRC	\$	101,000
Actual recovery 11/1/16 through 1/31/17 used in calculation of prior year DSMRC	\$	(67,827)
Amounts to be recovered	\$	331,716
Actual recovery 2/1/17 through 10/31/17	\$	156,729
Projected recovery 11/1/17 through 1/31/18	\$	73,000
Amounts recovered	\$	229,729
CEPBA Under (Over) Recovery	\$	101,987

CEPRC - Conservation/Efficiency Recovery

Estimated Residential Sales	1,617,000	Ccf
	Recovery Amount	Rate, per Ccf
CEPCR	\$ 172,924	\$ 0.10694
CEPLS	\$ 127,027	\$ 0.07856
CEPI	\$ -	\$ -
CEPBA	\$ 101,987	\$ 0.06307
TOTAL DSMRC	\$ 401,938	\$ 0.24857

**Delta Natural Gas Company, Inc.
 Conservation/Efficiency Program
 Schedule A - Current Year Participation Detail**

Program Year End: October 31, 2017

Current Year Program Participation

Program participants 11-1-15 through 10-31-16

	Program Participants	⁽¹⁾ CCF Conservation		⁽¹⁾ Rebate	
		Per Participant	Total	Amount	Total
<u>A. High Efficiency Heating Savings</u>					
1. High Efficiency Forced Air Furnaces	233	100.02	23,304.7	\$ 400	\$ 93,200
2. High Efficiency Dual Fuel Units	40	20.85	834.0	300	\$ 12,000
3. High Efficiency Gas Space Heating	73	16.33	1,192.1	100	\$ 7,300
4. High Efficiency Gas Logs/Fireplaces	133	55.40	7,368.2	100	\$ 13,300
<u>B. High Efficiency Water Heating Savings</u>					
1. High Efficiency Holding Tank Models	54	45.11	2,435.9	200	\$ 10,800
2. High Efficiency Power Vent Models	15	62.62	939.3	250	\$ 3,750
3. High Efficiency On-Demand Models	68	108.59	7,384.1	300	\$ 20,400
<u>C. Energy Audits</u>					
1. Residential Energy Audits	1	30.00	30.00		
Total - A. B. C.	617		43,488.3		160,750

(1) Amounts based on budget and guidelines in CEP program document, as submitted in Case No. 2008-00062

Delta Natural Gas Company, Inc.
 Conservation/Efficiency Program
 Schedule B - Cumulative Prior Years Program Participation

Program Year End: October 31, 2017

	2010 Program Year		2011 Program Year		2012 Program Year		2013 Program Year		2014 Program Year	
	Program Participants	Total CCF Conservation	Program Participants	Total CCF Conservation	Program Participants	Total CCF Conservation	Program Participants	Total CCF Conservation	Program Participants	Total CCF Conservation
<u>A. High Efficiency Heating Savings</u>										
1. High Efficiency Forced Air Furnaces	141	14,102.8	238	23,804.8	172	17,203.4	210	21,004.2	229	22,904.6
2. High Efficiency Dual Fuel Units	40	834.0	48	1,000.8	32	667.2	29	604.7	45	938.3
3. High Efficiency Gas Space Heating	25	408.3	69	1,126.8	92	1,502.4	84	1,371.7	88	1,437.0
4. High Efficiency Gas Logs/Fireplaces	95	5,263.0	137	7,589.8	113	6,260.2	126	6,980.4	113	6,260.2
<u>B. High Efficiency Water Heating Savings</u>										
1. High Efficiency Holding Tank Models	43	1,939.7	16	721.8	17	766.9	27	1,218.0	20	902.2
2. High Efficiency Power Vent Models	2	125.2	4	250.5	5	313.1	5	313.1	9	563.6
3. High Efficiency On-Demand Models	11	1,194.5	44	4,778.0	44	4,778.0	82	8,904.4	37	4,017.8
<u>C. Energy Audits</u>										
1. Residential Energy Audits	20	600.0	5	150.0	-	-	-	-	1	30.0
Total - A. B. C.	377	24,467.5	561	39,422.5	475	31,491.2	563	40,396.5	542	37,053.7

Delta Natural Gas Company, Inc.
 Conservation/Efficiency Program
 Schedule B - Cumulative Prior Years Program Participation

Program Year End: October 31, 2017

	2015 Program Year		2016 Program Year		Total	
	Program Participants	Total CCF Conservation	Program Participants	Total CCF Conservation	Program Participants	Total CCF Conservation
<u>A. High Efficiency Heating Savings</u>						
1. High Efficiency Forced Air Furnaces	219	21,904.4	224	22,404.5	1,433	143,328.7
2. High Efficiency Dual Fuel Units	30	625.5	38	792.3	262	5,462.8
3. High Efficiency Gas Space Heating	92	1,502.4	84	1,371.7	534	8,720.3
4. High Efficiency Gas Logs/Fireplaces	138	7,645.2	117	6,481.8	839	46,480.6
					-	-
<u>B. High Efficiency Water Heating Savings</u>						
1. High Efficiency Holding Tank Models	54	2,435.9	66	2,977.3	243	10,961.8
2. High Efficiency Power Vent Models	8	501.0	6	375.7	39	2,442.2
3. High Efficiency On-Demand Models	37	4,017.8	43	4,669.4	298	32,359.9
					-	-
<u>C. Energy Audits</u>						
1. Residential Energy Audits	3	90.0	1	30.0	30	900.0
Total - A. B. C.	581	38,722.2	579	39,102.7	3,678	250,656.3

Delta Natural Gas Company, Inc.
 Conservation/Efficiency Program
 Schedule C - Calculation of Program Benefits

Program Year End: October 31, 2017

Current Year Conservation (Ccf) 43,488.3 per Schedule A

Year	(2) CCF Conserved	(1) Gas Cost	Commodity Savings
2017	43,488.3	\$ 0.54970	\$ 23,906
2018	43,488.3	\$ 0.54970	\$ 23,906
2019	43,488.3	\$ 0.54970	\$ 23,906
2020	43,488.3	\$ 0.54970	\$ 23,906
2021	43,488.3	\$ 0.54970	\$ 23,906
2022	43,488.3	\$ 0.54970	\$ 23,906
2023	43,488.3	\$ 0.54970	\$ 23,906
2024	43,488.3	\$ 0.54970	\$ 23,906
2025	43,488.3	\$ 0.54970	\$ 23,906
2026	43,488.3	\$ 0.54970	\$ 23,906
Total Commodity Savings	434,883.0		\$ 239,060

Discount Rate 7.9700% (3)

Program Benefits \$160,628
 (present value of commodity savings)

- (1) Gas Cost is Delta's GCR rate effective at the program year-end (Case No. 2017-00832).
- (2) Estimated CCFs conserved and Gas Cost
- (3) Delta's weighted average cost of capital per Case No. 2010-00116