



DELTA NATURAL GAS COMPANY, INC.

3617 Lexington Road
Winchester, Kentucky 40391-9797

www.deltagas.com

PHONE: 859-744-6171

FAX: 859-744-3623



RECEIVED

FEB 27 2018

**PUBLIC SERVICE
COMMISSION**

February 27, 2018

Ms. Gwen Pinson
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602-0615

Dear Ms. Pinson:

Enclosed are the original and ten copies of Delta's Annual Pipe Replacement Program rate filing which determines the Pipe Replacement Program Rate to be effective May 1, 2018.

An extra copy of the filing is attached for public files.

Sincerely,

A handwritten signature in blue ink that reads "Jenny Lowery Croft".

Jenny Lowery Croft
Manager – Employee & Regulatory Services

Delta Natural Gas Company, Inc.
 Pipe Replacement Program Filing
 Program Year Ended: December 31, 2017
 Rates Effective: May 1, 2018

	2010	2011	2012	2013	2014	2015	2016	2017	Total
1 Total annual expenditures under the PRP (Schedule II)	\$ 1,574,788	\$ 1,730,104	\$ 3,796,271	\$ 2,961,542	\$ 1,843,366	\$ 1,758,827	\$ 3,190,348	\$ 2,479,950	
2 Less:									
3 Accumulated depreciation	(222,322)	(258,505)	(499,548)	(306,860)	(182,651)	(109,302)	(127,980)	(33,362)	
4 Accumulated deferred income taxes	(498,263)	(558,619)	(1,231,984)	(1,007,718)	(630,342)	(602,424)	(1,117,775)	(907,315)	
5 Net PRP Rate Base, as of December 31, 2017	854,203	912,980	2,064,739	1,646,964	1,030,373	1,047,101	1,944,593	1,539,273	
6 WACOC, per case no 2010-00116	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	
7 Allowed Return	68,082	72,767	164,565	131,267	82,123	83,457	154,989	122,684	
8 Tax expansion factor, w PSC (per Case No. 2010-00116)	1.60658	1.60658	1.60658	1.60658	1.60658	1.60658	1.60658	1.60658	
9 Return, grossed up for income taxes	\$ 109,379	\$ 116,906	\$ 264,387	\$ 210,891	\$ 131,937	\$ 134,081	\$ 249,003	\$ 197,102	\$ 1,413,686
10 Cost of Service Items (Schedule III)									\$ 608,223
12 Current Year PRP Adjustment									\$ 2,021,909
13 Balancing Adjustment									
14 Prior Year PRP Adjustment									1,760,725
15 Less: Actual Collections of Prior Year PRP Adjustment May 2017 through February 2018									(1,467,300)
16 Less: Estimated Collections March 2018 and April 2018									(297,831) A
17 Total PRP Adjustment									\$ 2,017,503

	Calculated Net Revenue @ Approved Rates per Case No. 2010-00116	Class Allocation	Allocated PRP Adjustment	# of Customers for the 12 months ended October 31, 2017	Monthly PRP Rate
18 Residential	\$ 14,846,218	54.3%	\$ 1,095,959	355,357	\$ 3.08
19 Small Non-Residential	3,991,286	14.6%	294,640	50,198	\$ 5.87
18 Large Non-Residential	7,008,122	25.6%	517,345	11,764	\$ 43.98
19 Interruptible	1,484,119	5.4%	109,559	321	\$ 341.31
20	\$ 27,329,745	100.0%	\$ 2,017,503	417,640	

A Based on average monthly PRP billings for the six-months ended February 2018.

RECEIVED

FEB 27 2018

PUBLIC SERVICE
COMMISSION

Calendar Year 2010
PRP Worksheet

	2010 Investment	A Book Depr Year 8	Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
			Depreciation					
			Beginning	Expense	Ending			
1 Distribution Mains	816,750	3.10%	(164,574)	(25,319)	(189,893)	626,857	0.01%	\$ (82)
2 Transmission Mains	23,974	2.33%	(3,633)	(559)	(4,192)	19,782	0.02%	(5)
3 Services	118,268	2.69%	(20,677)	(3,181)	(23,858)	94,410	0.42%	(497)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	615,796	various	(3,795)	(584)	(4,379)	611,417	0.00%	-
	1,574,788		(192,679)	(29,643)	(222,322)	1,352,466		\$ (584)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR 8	Tax Depreciation Reserve				Tax Net Book Value		
								Tax Life	Beginning	Tax Expense	Bonus Depr		MACRS Depr	Ending
7 Distribution Mains	816,750	94.5%	(771,829)	44,921	(22,461)	22,461	15	5.905%	(806,486)	-	-	(1,326)	(807,812)	8,938
8 Transmission Mains	23,974	100.0%	(23,974)	-	-	-	15	5.905%	(23,974)	-	-	-	(23,974)	-
9 Services	118,268	0.0%	-	118,268	(59,134)	59,134	20	4.522%	(84,666)	-	-	(2,674)	(87,340)	30,928
10 Gathering Lines	-	0.0%	-	-	-	-	7	4.462%	-	-	-	-	-	-
11 Storage Lines	-	0.0%	-	-	-	-	15	5.905%	-	-	-	-	-	-
12 Cost of Removal	615,796	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA
	1,574,788		(795,803)	163,189	(81,595)	81,595			(915,126)	-	-	(4,000)	(919,126)	39,866

	Net Book Value		Cumulative		
	Book	Tax	Timing Difference	Statutory Rate	Deferred Income Taxes
13 Distribution Mains	626,857	8,938	(617,919)	37.96%	(234,562)
14 Transmission Mains	19,782	-	(19,782)	37.96%	(7,509)
15 Services	94,410	30,928	(63,482)	37.96%	(24,098)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	611,417	NA	(611,417)	37.96%	(232,094)
	1,352,466	39,866	(1,312,600)		(498,263)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2011
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2011 Investment	Book Depr Year 7	A					
			Beginning	Expense	Ending			
1 Distribution Mains	828,951	3.10%	(141,334)	(25,697)	(167,031)	661,920	0.01%	\$ (83)
2 Transmission Mains	88,312	2.33%	(11,319)	(2,058)	(13,377)	74,935	0.02%	(18)
3 Services	383,075	2.69%	(56,677)	(10,305)	(66,982)	316,093	0.42%	(1,609)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	429,766	various	(9,405)	(1,710)	(11,115)	418,651	0.00%	-
	1,730,104		(218,735)	(39,770)	(258,505)	1,471,599		\$ (1,710)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	100% Bonus Depreciation	Depreciable Base	MACRS YEAR 7	Tax Life	Tax Depreciation Reserve				Tax Net Book Value	
									Beginning	Expense	Bonus Depr	MACRS Depr		Ending
7 Distribution Mains	828,951	71.0%	(588,555)	240,396	(240,396)	-	15	5.905%	(828,951)	-	-	-	(828,951)	-
8 Transmission Mains	88,312	94.0%	(82,981)	5,331	(5,331)	-	15	5.905%	(88,312)	-	-	-	(88,312)	-
9 Services	383,075	100.0%	(383,075)	-	-	-	20	4.888%	(383,075)	-	-	-	(383,075)	-
10 Gathering Lines	-	0.0%	-	-	-	-	7	8.925%	-	-	-	-	-	-
11 Storage Lines	-	0.0%	-	-	-	-	15	5.905%	-	-	-	-	-	-
12 Cost of Removal	429,766	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA
	1,730,104		(1,054,611)	245,727	(245,727)	-			(1,300,338)	-	-	-	(1,300,338)	-

	Net Book Value		Cumulative		
	Book	Tax	Timing	Statutory	Deferred
			Difference	Rate	Income Taxes
13 Distribution Mains	661,920	-	(661,920)	37.96%	(251,265)
14 Transmission Mains	74,935	-	(74,935)	37.96%	(28,445)
15 Services	316,093	-	(316,093)	37.96%	(119,989)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	418,651	NA	(418,651)	37.96%	(158,920)
	1,471,599	-	(1,471,599)		(558,619)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2012
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2012 Investment	Book Depr Year 6	A					
			Beginning	Expense	Ending			
1 Distribution Mains	2,164,531	3.10%	(301,950)	(67,100)	(369,050)	1,795,481	0.01%	\$ (216)
2 Transmission Mains	31,604	2.33%	(3,312)	(736)	(4,048)	27,556	0.02%	(6)
3 Services	732,128	2.69%	(88,623)	(19,694)	(108,317)	623,811	0.42%	(3,075)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	868,008	various	(14,836)	(3,297)	(18,133)	849,875	0.00%	-
	3,796,271		(408,721)	(90,827)	(499,548)	3,296,723		\$ (3,297)

	Qualifying Tax		50%			MACRS YEAR	Tax Depreciation Reserve					Tax Net Book Value			
	Book Investment	Expense Percentage	Tax Expense	Tax Additions	Bonus Depreciation		Depreciable Base	Tax Life	6	Beginning	Tax Expense		Bonus Depr	MACRS Depr	Ending
7 Distribution Mains	2,164,531	93.0%	(2,013,014)	151,517	(75,759)	75,758	15	6.233%	(2,117,311)	-	-	(4,722)	(2,122,033)	42,498	
8 Transmission Mains	31,604	1.3%	(416)	31,188	(15,594)	15,594	15	6.233%	(21,884)	-	-	(972)	(22,856)	8,748	
9 Services	732,128	100.0%	(732,128)	-	-	-	20	5.285%	(732,128)	-	-	-	(732,128)	-	
10 Gathering Lines	-	0.0%	-	-	-	-	7	8.925%	-	-	-	-	-	-	
11 Storage Lines	-	0.0%	-	-	-	-	15	6.233%	-	-	-	-	-	-	
12 Cost of Removal	868,008	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA	
	3,796,271		(2,745,558)	182,705	(91,353)	91,352			(2,871,323)	-	-	(5,694)	(2,877,017)	51,246	

	Net Book Value		Cumulative		
	Book	Tax	Timing Difference	Statutory Rate	Deferred Income Taxes
13 Distribution Mains	1,795,481	42,498	(1,752,983)	37.96%	(665,432)
14 Transmission Mains	27,556	8,748	(18,808)	37.96%	(7,140)
15 Services	623,811	-	(623,811)	37.96%	(236,799)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	849,875	NA	(849,875)	37.96%	(322,613)
	3,296,723	51,246	(3,245,477)		(1,231,984)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2013
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2013 Investment	Book Depr Year	A					
			Beginning	Expense	Ending			
1 Distribution Mains	1,672,265	3.10%	(181,440)	(51,840)	(233,280)	1,438,985	0.01%	\$ (167)
2 Transmission Mains	-	2.33%	-	-	-	-	0.02%	-
3 Services	520,370	2.69%	(48,993)	(13,998)	(62,991)	457,379	0.42%	(2,186)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	768,907	various	(8,236)	(2,353)	(10,589)	758,318	0.00%	-
	2,961,542		(238,669)	(68,191)	(306,860)	2,654,682		\$ (2,353)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR	Tax Depreciation Reserve					Tax Net Book Value		
								Tax Life	S	Beginning	Expense	Bonus Depr		MACRS Depr	Ending
7 Distribution Mains	1,672,265	100.0%	(1,672,265)	-	-	-	15	6.925%	(1,672,265)	-	-	-	(1,672,265)	-	
8 Transmission Mains	-	0.0%	-	-	-	-	15	6.925%	-	-	-	-	-	-	
9 Services	520,370	100.0%	(520,370)	-	-	-	20	5.713%	(520,370)	-	-	-	(520,370)	-	
10 Gathering Lines	-	0.0%	-	-	-	-	7	8.925%	-	-	-	-	-	-	
11 Storage Lines	-	0.0%	-	-	-	-	15	6.925%	-	-	-	-	-	-	
12 Cost of Removal	768,907	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA	
	2,961,542		(2,192,635)	-	-	-			(2,192,635)	-	-	-	(2,192,635)	-	

	Net Book Value		Cumulative		
	Book	Tax	Timing	Statutory	Deferred
			Difference	Rate	Income Taxes
13 Distribution Mains	1,438,985	-	(1,438,985)	37.96%	(546,239)
14 Transmission Mains	-	-	-	37.96%	-
15 Services	457,379	-	(457,379)	37.96%	(173,621)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	758,318	NA	(758,318)	37.96%	(287,858)
	2,654,682	-	(2,654,682)		(1,007,718)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2014
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2014 Investment	Book Depr Year 4	A					
			Beginning	Expense	Ending			
1 Distribution Mains	1,281,613	3.10%	(99,325)	(39,730)	(139,055)	1,142,558	0.01%	\$ (128)
2 Transmission Mains	500	2.33%	(30)	(12)	(42)	458	0.02%	-
3 Services	396,014	2.69%	(26,632)	(10,653)	(37,285)	358,729	0.42%	(1,663)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	165,239	various	(4,478)	(1,791)	(6,269)	158,970	0.00%	-
	1,843,366		(130,465)	(52,186)	(182,651)	1,660,715		\$ (1,791)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR 4	Tax Depreciation Reserve					Tax Net Book Value	
								Tax Life	Beginning	Tax Expense	Bonus Depr	MACRS		
												Depr		Depr
7 Distribution Mains	1,281,613	100.0%	(1,281,613)	-	-	-	15	7.695%	(1,281,613)	-	-	-	(1,281,613)	-
8 Transmission Mains	500	0.0%	-	500	(250)	250	15	7.695%	(308)	-	-	(19)	(327)	173
9 Services	396,014	100.0%	(396,014)	-	-	-	20	6.177%	(396,014)	-	-	-	(396,014)	-
10 Gathering Lines	-	0.0%	-	-	-	-	7	12.495%	-	-	-	-	-	-
11 Storage Lines	-	0.0%	-	-	-	-	15	7.695%	-	-	-	-	-	-
12 Cost of Removal	165,239	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA
	1,843,366		(1,677,627)	500	(250)	250			(1,677,935)	-	-	(19)	(1,677,954)	173

	Net Book Value		Cumulative		
	Book	Tax	Timing Difference	Statutory Rate	Deferred Income Taxes
13 Distribution Mains	1,142,558	-	(1,142,558)	37.96%	(433,715)
14 Transmission Mains	458	173	(285)	37.96%	(108)
15 Services	358,729	-	(358,729)	37.96%	(136,174)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	158,970	NA	(158,970)	37.96%	(60,345)
	1,660,715	173	(1,660,542)		(630,342)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2015
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2015 Investment	Book Depr Year 3	Depreciation					
			Beginning	Expense	Ending			
1 Distribution Mains	1,201,977	3.10%	(55,892)	(37,261)	(93,153)	1,108,824	0.01%	\$ (120)
2 Transmission Mains	87,414	2.33%	(3,055)	(2,037)	(5,092)	82,322	0.02%	(17)
3 Services	137,797	2.69%	(5,560)	(3,707)	(9,267)	128,530	0.42%	(579)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	331,639	various	(1,074)	(716)	(1,790)	329,849	0.00%	-
	1,758,827		(65,581)	(43,721)	(109,302)	1,649,525		\$ (716)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR 3	Tax Depreciation Reserve					Tax Net Book Value	
								Tax Life	Beginning	Tax Expense	Bonus Depr	MACRS		
												Depr		Depr
7 Distribution Mains	1,201,977	91.9%	(1,104,617)	97,360	(48,680)	48,680	15	8.550%	(1,160,356)	-	-	(4,162)	(1,164,518)	37,459
8 Transmission Mains	87,414	25.5%	(22,254)	65,160	(32,580)	32,580	15	8.550%	(59,558)	-	-	(2,786)	(62,344)	25,070
9 Services	137,797	100.0%	(137,797)	-	-	-	20	6.677%	(137,797)	-	-	-	(137,797)	-
10 Gathering Lines	-	0.0%	-	-	-	-	7	17.492%	-	-	-	-	-	-
11 Storage Lines	-	0.0%	-	-	-	-	15	8.550%	-	-	-	-	-	-
12 Cost of Removal	331,639	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA
	1,758,827		(1,264,668)	162,520	(81,260)	81,260			(1,357,711)	-	-	(6,948)	(1,364,659)	62,529

	Net Book Value		Cumulative		
	Book	Tax	Timing	Statutory	Deferred
			Difference	Rate	Income Taxes
13 Distribution Mains	1,108,824	37,459	(1,071,365)	37.96%	(406,690)
14 Transmission Mains	82,322	25,070	(57,252)	37.96%	(21,733)
15 Services	128,530	-	(128,530)	37.96%	(48,790)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	329,849	NA	(329,849)	37.96%	(125,211)
	1,649,525	62,529	(1,586,996)		(602,424)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2016
PRP Worksheet

	A Book Depr		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2016 Investment	Year 2	Beginning	Depreciation Expense	Ending			
1 Distribution Mains	2,328,216	3.10%	(36,087)	(72,175)	(108,262)	2,219,954	0.01%	\$ (233)
2 Transmission Mains	219,764	2.33%	(2,560)	(5,121)	(7,681)	212,083	0.02%	(44)
3 Services	249,152	2.69%	(3,351)	(6,702)	(10,053)	239,099	0.42%	(1,046)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	393,216	various	(661)	(1,323)	(1,984)	391,232	0.00%	-
	3,190,348		(42,659)	(85,321)	(127,980)	3,062,368		\$ (1,323)

	Book Investment	Qualifying Tax Expense Percentage	Tax Expense	Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR	Tax Depreciation Reserve					Tax Net Book Value	
								Tax Life	2	Beginning	Tax Expense	Bonus Depr		MACRS Depr
7 Distribution Mains	2,328,216	96.9%	(2,256,041)	72,175	(36,088)	36,087	15	9.500%	(2,293,933)	-	-	(3,428)	(2,297,361)	30,855
8 Transmission Mains	219,764	7.5%	(16,483)	203,281	(101,641)	101,640	15	9.500%	(123,206)	-	-	(9,656)	(132,862)	86,902
9 Services	249,152	100.0%	(249,152)	-	-	-	20	7.219%	(249,152)	-	-	-	(249,152)	-
10 Gathering Lines	-	0.0%	-	-	-	-	7	24.490%	-	-	-	-	-	-
11 Storage Lines	-	0.0%	-	-	-	-	15	9.500%	-	-	-	-	-	-
12 Cost of Removal	393,216	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA
	3,190,348		(2,521,676)	275,456	(137,729)	137,727			(2,666,291)	-	-	(13,084)	(2,679,375)	117,757

	Net Book Value		Cumulative		
	Book	Tax	Timing Difference	Statutory Rate	Deferred Income Taxes
	13 Distribution Mains	2,219,954	30,855	(2,189,099)	37.96%
14 Transmission Mains	212,083	86,902	(125,181)	37.96%	(47,519)
15 Services	239,099	-	(239,099)	37.96%	(90,762)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	391,232	NA	(391,232)	37.96%	(148,512)
	3,062,368	117,757	(2,944,611)		(1,117,775)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

Calendar Year 2017
PRP Worksheet

	A		Book Depreciation Reserve			Book Net Book Value	COR Rate	COR Depr
	2016 Investment	Book Depr Year 1	Beginning	Depreciation Expense	Ending			
1 Distribution Mains	1,891,971	3.10%	-	(29,326)	(29,326)	1,862,645	0.01%	\$ (95)
2 Transmission Mains	90,359	2.33%	-	(1,053)	(1,053)	89,306	0.02%	(9)
3 Services	185,093	2.69%	-	(2,490)	(2,490)	182,603	0.42%	(389)
4 Gathering Lines	-	2.25%	-	-	-	-	0.00%	-
5 Storage Lines	-	2.05%	-	-	-	-	0.00%	-
6 Cost of Removal	312,527	various	-	(493)	(493)	312,034	0.00%	-
	2,479,950		-	(33,362)	(33,362)	2,446,588		\$ (493)

	Book Investment	Qualifying Tax		Tax Additions	50% Bonus Depreciation	Depreciable Base	MACRS YEAR	Tax Depreciation Reserve					Tax Net Book Value	
		Expense Percentage	Tax Expense					Tax Expense	Tax Expense	Bonus Depr	MACRS Depr	MACRS Ending		
7 Distribution Mains	1,891,971	98.5%	(1,863,591)	28,380	(14,190)	14,190	15	5.000%	-	(1,863,591)	(14,190)	(710)	(1,878,491)	13,480
8 Transmission Mains	90,359	0.0%	-	90,359	(45,180)	45,179	15	5.000%	-	-	(45,180)	(2,259)	(47,439)	42,920
9 Services	185,093	100.0%	(185,093)	-	-	-	20	3.750%	-	(185,093)	-	-	(185,093)	-
10 Gathering Lines	-	0.0%	-	-	-	-	7	14.286%	-	-	-	-	-	-
11 Storage Lines	-	0.0%	-	-	-	-	15	5.000%	-	-	-	-	-	-
12 Cost of Removal	312,527	NA	-	-	-	-	NA	NA	-	-	-	-	-	NA
	2,479,950		(2,048,684)	118,739	(59,370)	59,369			-	(2,048,684)	(59,370)	(2,969)	(2,111,023)	56,400

	Net Book Value		Cumulative Timing Difference	C	
	Book	Tax		Statutory Rate	Deferred Income Taxes
13 Distribution Mains	1,862,645	13,480	(1,849,165)	37.96%	(701,943)
14 Transmission Mains	89,306	42,920	(46,386)	37.96%	(17,608)
15 Services	182,603	-	(182,603)	37.96%	(69,316)
16 Gathering Lines	-	-	-	37.96%	-
17 Storage Lines	-	-	-	37.96%	-
18 Cost of Removal	312,034	NA	(312,034)	37.96%	(118,448)
	2,446,588	56,400	(2,390,188)		(907,315)

A Depreciation rate for lines 1-5 exclude cost of removal rate. Provision for cost of removal on PRP assets is reflected on line 6.

B Year 1 for PRP assets assumes a half year of depreciation expense.

C In December, 2017, tax law was enacted to reduce the federal corporate income tax rate to 21%.

Delta remeasured its deferred income taxes using the 21% federal rate as of December 31, 2017, including deferred taxes on PRP assets.

The reduction in deferred taxes will be returned to customers through Case No. 2018-00040.

PRP assets for years subsequent to 2017 will be measured at the reduced tax rate.

DELTA NATURAL GAS
Cost of Removal and Replacement Projects for 2017

<u>PLANT ACCOUNT</u>	<u>PLANT CLASSIFICATION</u>	<u>PIPE SIZE AND TYPE INSTALLED</u>	<u>INSTALLED FOOTAGE</u>	<u>TOTAL</u>
	COST OF REMOVAL	(A)	-	312,527
376	DISTRIBUTION MAINS	UNDER 2" PLASTIC	2,460	62,815
376	DISTRIBUTION MAINS	2" PLASTIC	52,211	1,154,148
376	DISTRIBUTION MAINS	4" PLASTIC	10,459	613,139
376	DISTRIBUTION MAINS	6" PLASTIC	889	75,766
376	DISTRIBUTION MAINS	2" STEEL	4	277
376	DISTRIBUTION MAINS	4" STEEL	1,779	(14,174) (B)
			<u>67,802</u>	<u>1,891,971</u>
367	TRANSMISSION MAINS	4" STEEL	1,382	45,636
367	TRANSMISSION MAINS	8" STEEL	950	44,723
			<u>2,332</u>	<u>90,359</u>
380	SERVICES	(C)	-	185,093
			Report Total	<u><u>2,479,950</u></u>
			Control Total	<u><u>2,479,950</u></u>

(A) Represents cost of removal incurred. No pipe installed.

(B) Represents partial reimbursement of costs incurred.

(C) Represents replacement of a service line. Delta does not track the footage of each individual service line.

**Delta Natural Gas Company, Inc.
Supplemental Data as Requested by
CASE NO. 2016-00110, Appendix B**

1. Provide a list of the remaining items to be replaced and an estimate of the associated costs eligible to be recovered through the Pipe Replacement Program (PRP) as originally enumerated by Delta in Case No. 2010-00116. The information should include:
 - a. The amount of pipe remaining to be replaced through the PRP. Pipe should be categorized by material (i.e. bare steel, coated steel, etc.), age, size, and location.

The attached Schedule VI lists the pipe per Delta's mapping records to be replaced through the PRP mechanism and includes bare steel, coated steel pipe which is not cathodically protected (unprotected coated steel) and pre-1983 vintage plastic pipe including Aldyl-A.

During the current year, Delta conducted a thorough review of its mapping records and segregated pipe which was either bare steel or unprotected coated steel and Delta has also identified approximately 168 miles of pre-1983 vintage plastic pipe to more accurately reflect the remaining pipe to be replaced under the PRP. Similar to the risk of corrosion on bare steel pipe, vintage plastic pipe, including Aldyl A, is subject to slow crack growth and eventual rupture. This defect exists in vintage plastic pipe manufactured before 1983 which becomes brittle and subject to cracking. Prior to 1983 Delta used a significant amount of vintage plastic pipe in its system.

- b. The number of services remaining to be replaced through the PRP.

Service line replacements result from main replacements, mandatory relocation projects or leaks. While replacing a main, if a service line is found to be steel or older vintage plastic, the service line is replaced. Delta has approximately 1,100 bare steel service lines to be replaced. Mandatory relocations of services and replacements due to leaks occur as required.

The cost of removal related to inactive service lines is also recovered through the PRP. Delta currently has approximately 3,700 services which are inactive. Once these services remain inactive for five years, Delta schedules removal of the service line from the premise.

- c. The number of years Delta expects to use the PRP mechanism to recover the cost of bare and coated steel pipes along with associated services.

In its order for Case No. 2017-00111, dated April 27, 2017, the Commission stated, “the Commission recognizes Delta's work towards replacing mains eligible for replacement under its PRP and shares the goal of safety and reliability of service, it is not the Commission's intent for these pipeline replacement programs to be open-ended.” Delta understands the Commission’s position in this matter and as a result proposes the following revisions to its pipe replacement program:

- The program would operate through 2033 (15 years) to be extended only with the Commission’s approval. In addition to bare steel and ineffectively coated steel pipe, the program would include the replacement of pre-1983 vintage plastic pipe, as appropriate.
- Annual spending under the program would be limited to \$7.8 million a year and could be increased with the Commission’s approval. Schedule VII includes Delta’s estimated PRP costs.
- In its annual filing, Delta would seek advance approval for anticipated PRP spending in excess of the \$7.8 million annual spending cap. Inclusion of the spending cap would eliminate the need for Schedule VII going forward unless Delta sought approval for amounts over the spending cap.
- Additionally, Delta proposes to revise the calculation for property tax expense calculated under the PRP to reflect the actual property tax expense on PRP investment, rather than the rate effective during Delta’s last general rate case. Exhibit I includes revised Schedules I and III calculated under this methodology.
- All other provisions of the PRP would remain unchanged.

Such changes would limit the PRP so it is not an open-ended program, but would continue to meet its objectives of improving public safety and reliability of service for our customers.

- d. The estimated remaining cost per year of the PRP, broken down by pipe, services, and any other eligible PRP activities.

See attached Schedule VII.

2. Provide a list showing by year the amount of pipe replaced through the PRP since the program started. Pipe should be categorized by material (i.e., bare steel, coated steel, etc.), age, size and location.

See attached Schedule VIII.

Feet of PRP Pipe by Pipe Size (per mapping records)													
Pipe Size	0.50	0.75	1.00	1.25	1.50	2.00	2.50	3.00	4.00	6.00	8.00	Feet	Miles
Plastic - vintage	473	19,534	21,046	3,878	3,338	762,976		36,901	39,591			887,733	168.13
01 - Owingsville	38	3,514	5,660	726	3,211	142,405		23,962				179,516	34.00
1968		192				13,316						13,508	2.56
1969		663				57,548						58,211	11.02
1970		707	76			12,340		3,974				17,097	3.24
1971		410	295			5,140						5,845	1.11
1972		168	455	45		4,983						5,651	1.07
1973			204			1,287						1,491	0.28
1974			197	98		2,511						2,806	0.53
1975		60	551			1,026						1,637	0.31
1976		110	92	86		1,098						1,386	0.26
1977			48			333						381	0.07
1978		52				3,583						3,635	0.69
1979			686			750						1,436	0.27
1980		446	340			8,468						9,254	1.75
1981		619				3,909						4,528	0.86
1982		87	88			4,417						4,592	0.87
(blank)	38		2,628	497	3,211	21,696		19,988				48,058	9.10
02 - Berea	337	3,953	4,014	1,375		181,799			11,608			203,086	38.46
1965						269						269	0.05
1966						376						376	0.07
1967		450				27,573						28,023	5.31
1968		749				16,329						17,078	3.23
1969		806				22,183						22,989	4.35
1970		357	220			16,932						17,509	3.32
1971		566	107	795		12,014						13,482	2.55
1972		106	777	44		18,474						19,401	3.67
1973		35	224	30		10,416						10,705	2.03
1974		48	306	243		9,818						10,415	1.97
1975	337	113	1,415	137		5,623						7,625	1.44
1976			53	26		1,773						1,852	0.35
1977			145			5,394						5,539	1.05
1978		75	128	75		4,095						4,373	0.83
1979		69	412			10,716						11,197	2.12
1980			60			6,039						6,099	1.16
1981		271	167			8,985			9,283			18,706	3.54
1982		64		25		4,790			2,325			7,204	1.36
(blank)		244										244	0.05
03 - Nicholasville		1,284	1,179	562		85,661						88,686	16.80
1966						348						348	0.07
1967						7,299						7,299	1.38
1968						2,668						2,668	0.51
1969		244				7,751						7,995	1.51
1970		188				4,458						4,646	0.88
1971			94			8,208						8,302	1.57
1972		168	133			8,876						9,177	1.74
1973		160	91			12,642						12,893	2.44
1974		44				5,723						5,767	1.09
1975						3,887						3,887	0.74
1976			65	95		446						606	0.11
1977			158	301		2,051						2,510	0.48
1978			25			1,123						1,148	0.22
1979			357	166		8,798						9,321	1.77
1980		480				3,581						4,061	0.77
1981			157			3,488						3,645	0.69
1982			99			4,314						4,413	0.84
05 - Stanton		4,792	6,451	500		151,885		4,906				168,534	31.92
1965			90			899						989	0.19
1967		780				10,659						11,439	2.17
1968		1,434				30,336						31,770	6.02
1969		794	32			29,860						30,686	5.81
1970		77	1,051			13,799						14,927	2.83
1971		20	310			6,366						6,696	1.27
1972		66	595			6,427						7,088	1.34
1973		513	578	48		5,483						6,622	1.25
1974		210	360			4,191						4,761	0.90
1975		452	592	350		9,012						10,406	1.97
1976		41	156	102		2,212						2,511	0.48
1977		29	136			2,107						4,438	0.84
1978			953			8,179		2,166				9,132	1.73
1979			498			4,684						5,182	0.98
1980		185	831			9,580		2,740				13,336	2.53
1981		150	124			2,887						3,161	0.60
1982		28	145			5,204						5,377	1.02
1991		13										13	0.00
06 - London		692	895			65,369		7,993	13,870			88,819	16.82
1979			31			600						631	0.12
1980			275			1,690						1,965	0.37
1981		218	288			33,046		3,910	9,241			46,703	8.85
1982		474	301			29,958		4,083	4,629			39,445	7.47
1989						75						75	0.01

Feet of PRP Pipe by Pipe Size (per mapping records)

07 - Williamsburg	75	887			18,229		2,503			21,694	4.11					
1979	75	274			1,537					1,886	0.36					
1980		110			5,389					5,499	1.04					
1981		340			8,669			1,418		10,427	1.97					
1982		163			2,634			1,085		3,882	0.74					
08 - Barbourville		324	400		8,840	40		526		10,130	1.92					
1979		282								282	0.05					
1980	144	87			4,974			191		5,396	1.02					
1981					1,141			335		1,476	0.28					
1982		20	31		2,475					2,566	0.49					
(blank)		160			250	40				410	0.08					
10 - Middlesboro	23	404	1,114		127					20,547	10,000	32,215	6.10			
1979			45							597		642	0.12			
1980			306							1,503		1,809	0.34			
1981		118	134		127				9,333	11,288		21,000	3.98			
1982	23	286	629						667	7,159		8,764	1.66			
11 - Corbin		3,661	407	715						69,460	314	74,557	14.12			
1973		130								814		944	0.18			
1974										10		10	0.00			
1982		952	126	715						13,190	314	15,297	2.90			
1987										71		71	0.01			
1991		90								2,127		2,217	0.42			
1992		28										28	0.01			
1995										225		225	0.04			
(blank)		2,461	281							53,023		55,765	10.56			
12 - Manchester		906	39							18,781	770	20,496	3.88			
1982		280								170	770	1,220	0.23			
1988		35								178		213	0.04			
1990			5							44		49	0.01			
1992										58		58	0.01			
(blank)		591	34							18,331		18,956	3.59			
Steel - bare		979	13,800	2,074						45,192	7,423	22,862	4,809	6,136	103,275	19.56
01 - Owingsville			1,816							1,658		210			3,684	0.70
1961										117		117			117	0.02
1965			157							73		230			210	0.04
1983									210			210			210	0.04
(blank)			1,659							1,468		3,127			3,127	0.59
02 - Berea			594	21					207	1,414		2,236			0.42	
1956			163							382		545			545	0.10
1957			63	21								84			84	0.02
1958			95									95			95	0.02
1959										184		184			184	0.03
1960										210		210			210	0.04
1964			145									145			145	0.03
1965			52							66		118			118	0.02
(blank)			76						207	572		855			855	0.16
03 - Nicholasville		146	2,749	22					26	5,153		2,906			11,002	2.08
1957		116	540							180		836			836	0.16
1958			591							198		789			789	0.15
1959										354		354			354	0.07
1961			116							1,629		1,745			1,745	0.33
1962			347							822		1,169			1,169	0.22
1963			75							589		664			664	0.13
1964		30		22						222		274			274	0.05
1965										257		257			257	0.05
1966										574		574			574	0.11
1968			105									105			105	0.02
1975										12		12			12	0.00
(blank)			975						26	316	2,906	4,223			4,223	0.80
05 - Stanton			327							121		448			0.08	
1962			218									218			218	0.04
1984										38		38			38	0.01
(blank)			109							83		192			192	0.04
06 - London			189							189		189			0.04	
1988			189									189			189	0.04
07 - Williamsburg			1,782						1,738	6,749	149	10,418			1.97	
1980			25							21		46			46	0.01
(blank)			1,757						1,738	6,728	149	10,372			10,372	1.96
08 - Barbourville		25	578						274	4,639	4,471	9,987			1.89	
1944										17		17			17	0.00
1955										368		368			368	0.07
(blank)		25	578						274	4,254	4,471	9,602			9,602	1.82
10 - Middlesboro		78	1,305							15,524	12,114	3,897			32,918	6.23
1980										84		84			84	0.02
1981										35		35			35	0.01
1983										206		206			206	0.04
1984										602		602			602	0.11
1997			45									45			45	0.01
2009											114	114			114	0.02
(blank)		78	1,260							14,597	12,114	31,832			31,832	6.03
11 - Corbin		730	1,794	1,522					322	9,335	3,012	5,005			21,720	4.11
1949										23		23			23	0.00
1984			60							93		153			153	0.03
2014			30									30			30	0.01
(blank)		730	1,704	1,522					322	9,219	3,012	5,005			21,514	4.07

Feet of PRP Pipe by Pipe Size (per mapping records)												
12 - Manchester		1,165	509		303		4,642				6,619	1.25
1983		52									52	0.01
2005			71								71	0.01
(blank)		1,113	438		303		4,642				6,496	1.23
25 - Transmission		1,501			296		214		912	1,131	4,054	0.77
1966					101						101	0.02
1972										1,131	1,131	0.21
1975									912		912	0.17
1983		55									55	0.01
1984		7									7	0.00
1987		72									72	0.01
1988		234									234	0.04
1989					150						150	0.03
1990		176									176	0.03
1991		21									21	0.00
1992		26									26	0.00
1993		106									106	0.02
1995		55									55	0.01
1997							214				214	0.04
(blank)		749			45						794	0.15
Steel - unprotected	43	6,893	1,520	677	30,495	81	2,489	14,038	8,908	5,829	70,973	13.44
01 - Owingsville		689			1,988		78		360		3,115	0.59
1963		42			794						836	0.16
1964		127									127	0.02
1965		45			51						96	0.02
1966					318						318	0.06
1968					261						261	0.05
1970					53						53	0.01
1971		42			205			360			607	0.11
1972		54			107						161	0.03
1978					52						52	0.01
1980					40						40	0.01
1983		21									21	0.00
1985		121									121	0.02
(blank)		237			107		78				422	0.08
02 - Berea		980			5,796				359		7,135	1.35
1956		48			252						300	0.06
1959					1,132						1,132	0.21
1961		164									164	0.03
1963		12									12	0.00
1965		105			284						389	0.07
1966		147			131			241			519	0.10
1967		176			1,218						1,394	0.26
1969					54						54	0.01
1970					871						871	0.16
1971					75						75	0.01
1973					44						44	0.01
1980		42									42	0.01
(blank)		286			1,735			118			2,139	0.41
03 - Nicholasville		1,602			8,493						10,095	1.91
1957		358			172						530	0.10
1958		635			1,091						1,726	0.33
1959		127									127	0.02
1960		72									72	0.01
1961					2						2	0.00
1963		57									57	0.01
1964		170			187						357	0.07
1965		2			1,442						1,444	0.27
1966					459						459	0.09
1975					47						47	0.01
1978					459						459	0.09
1980					32						32	0.01
1981		30									30	0.01
(blank)		151			4,602						4,753	0.90
05 - Stanton		720			1,441		475				2,636	0.50
1962					238						238	0.05
1964					487						487	0.09
1965					144						144	0.03
1966					145						145	0.03
1969		55			320		253				628	0.12
1976		45									45	0.01
1978					63						63	0.01
1980							60				60	0.01
2004							162				162	0.03
(blank)		620			44						664	0.13
06 - London		191					300	264	150	3,863	4,768	0.90
(blank)		191					300	264	150	3,863	4,768	0.90
07 - Williamsburg					252						252	0.05
(blank)					252						252	0.05
08 - Barbourville	43	700		12	1,455			1,086			3,296	0.62
1979		48									48	0.01
(blank)	43	652		12	1,455			1,086			3,248	0.62

Feet of PRP Pipe by Pipe Size (per mapping records)																			
10 - Middlesboro			201				156				5,598				2,185			8,140	1.54
1984															356			356	0.07
1991															95			95	0.02
1994																		7	0.00
(blank)			201				156				5,591				1,734			7,682	1.45
11 - Corbin			1,796	1,286			509			81	3,671			1,451	2,286	8,758	1,966	21,804	4.13
1986														40				40	0.01
1989															182			182	0.03
2007			1,582	200			509			81	1,257							3,629	0.69
(blank)			214	1,086							2,414			1,411	2,104	8,758	1,966	17,953	3.40
12 - Manchester			14	234							1,801			185	7,498			9,732	1.84
1997															1,561			1,561	0.30
(blank)			14	234							1,801			185	5,937			8,171	1.55
Grand Total	473	20,552	41,739	7,472	4,015	838,663	81	46,813	76,491	13,717	11,965	1,061,981	201.13						

	Estimate Range		
	Low	High	
Main replacements & retirements (unprotected & Aldyl A)	\$ 3,054,247	\$ 6,894,000	{1}
Main & service relocations	195,000	450,000	{2}
Service line removals	254,000	254,000	{4}
Service line replacements	202,000	202,000	{5}
	<u>3,705,247</u>	<u>7,800,000</u>	

{1} As discussed on Schedule V, Delta proposes to change the PRP from an open-ended program to a 15 year program with the option to extend at the Commission's approval. Delta estimates it would replace 58,000 to 73,000 feet of pipe per year. Under the proposed rate of replacement, it would take Delta between 15 and 19 years to replace the pipe under the PRP. The current year cost per foot, net of relocations, was \$36.87, but has been as high \$71.57 per foot. Delta used these prices in estimating the high and low estimates, escalated annually for inflation.

{2} Performed as needed. Mandatory relocations have averaged \$195,000 per year with a range of \$30,000 - \$450,000 per year.

{4} Delta has 3,700 inactive services. Once a service has been inactive for five years, Delta removes the service line. Under the PRP, the average cost to remove a service is \$343, resulting in an average cost of \$254,000 per year for five years.

{5} Delta has approximately 1,100 bare steel services. Since the PRP inception, Delta has averaged 250 service line replacements per year with an average cost to replace a service of \$808. Delta estimates an average cost of \$202,000 per year.

Delta Natural Gas Company, Inc.
 Pipe Replacement Program Filing
 Program Year Ended: December 31, 2017
 Rates Effective: May 1, 2018

	2010	2011	2012	2013	2014	2015	2016	2017	Total
1 Total annual expenditures under the PRP (Schedule II)	\$ 1,574,788	\$ 1,730,104	\$ 3,796,271	\$ 2,961,542	\$ 1,843,366	\$ 1,758,827	\$ 3,190,348	\$ 2,479,950	
2 Less:									
3 Accumulated depreciation	(222,322)	(258,505)	(499,548)	(306,860)	(182,651)	(109,302)	(127,980)	(33,362)	
4 Accumulated deferred income taxes	(498,263)	(558,619)	(1,231,984)	(1,007,718)	(630,342)	(602,424)	(1,117,775)	(907,315)	
5 Net PRP Rate Base, as of December 31, 2017	854,203	912,980	2,064,739	1,646,964	1,030,373	1,047,101	1,944,593	1,539,273	
6 WACOC, per case no 2010-00116	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	7.97025%	
7 Allowed Return	68,082	72,767	164,565	131,267	82,123	83,457	154,989	122,684	
8 Tax expansion factor, w PSC (per Case No. 2010-00116)	1.60658	1.60658	1.60658	1.60658	1.60658	1.60658	1.60658	1.60658	
9 Return, grossed up for income taxes	\$ 109,379	\$ 116,906	\$ 264,387	\$ 210,891	\$ 131,937	\$ 134,081	\$ 249,003	\$ 197,102	\$ 1,413,686
10 Cost of Service Items (Schedule III)									\$ 771,743
12 Current Year PRP Adjustment									\$ 2,185,429
13 Balancing Adjustment									
14 Prior Year PRP Adjustment									1,760,725
15 Less: Actual Collections of Prior Year PRP Adjustment May 2017 through February 2018									(1,467,300)
16 Less: Estimated Collections March 2018 and April 2018									(297,831) ^A
17 Total PRP Adjustment									\$ 2,181,023

	Calculated Net Revenue @ Approved Rates per Case No. 2010-00116	Class Allocation	Allocated PRP Adjustment	# of Customers for the 12 months ended October 31, 2017	Monthly PRP Rate
18 Residential	\$ 14,846,218	54.3%	\$ 1,184,788	355,357	\$ 3.33
19 Small Non-Residential	3,991,286	14.6%	318,521	50,198	\$ 6.35
18 Large Non-Residential	7,008,122	25.6%	559,276	11,764	\$ 47.54
19 Interruptible	1,484,119	5.4%	118,439	321	\$ 368.97
20	\$ 27,329,745	100.0%	\$ 2,181,024	417,640	

^A Based on average monthly PRP billings for the six-months ended February 2018.

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

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate (GCR) **</u>	=	<u>Total Rate</u>
Customer Charge *	\$ 20.90000				\$ 20.90000
All Ccf ***	\$ 0.43185		\$ 0.53320		\$ 0.96505 /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 .01873/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.

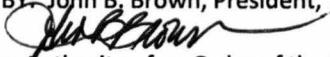
Residential rates are also subject to a Pipe Replacement Program charge of \$3.08, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

(1)

DATE OF ISSUE: _____, 2018

DATE EFFECTIVE: May 1, 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 _____, 2018

CLASSIFICATION OF SERVICE – RATE SCHEDULES
 SMALL NON-RESIDENTIAL*

APPLICABILITY

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

AVAILABILITY

Available for use by small non-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 *	\$ 31.20000				\$ 31.20000
All Ccf ***	\$ 0.43185		\$ 0.53320		\$ 0.96505 /Ccf

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Small Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Small Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Small Non-Residential or Interruptible Service rate schedule.

* Meter no larger than AL425

** 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.

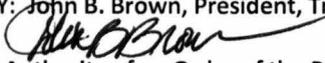
Small Non-Residential rates are also subject to a Pipe Replacement Program charge of \$5.87 as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff.

(1)

DATE OF ISSUE: _____, 2018

DATE EFFECTIVE: May 1, 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 _____, 2018

CLASSIFICATION OF SERVICE – RATE SCHEDULES
 LARGE NON-RESIDENTIAL*

APPLICABILITY

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

AVAILABILITY

Available for use by large non-residential customers.

CHARACTER OF SERVICE

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

RATES

	<u>Base Rate</u>	+	Gas Cost Recovery Rate (GCR) **	=	<u>Total Rate</u>
Customer Charge	\$ 131.00000				\$ 131.00000
1 - 2,000 Ccf	\$ 0.43185		\$ 0.53320		\$ 0.96505 /Ccf
2,001 - 10,000 Ccf	\$ 0.26696		\$ 0.53320		\$ 0.80016 /Ccf
10,001 - 50,000 Ccf	\$ 0.18735		\$ 0.53320		\$ 0.72055 /Ccf
50,001 - 100,000 Ccf	\$ 0.14735		\$ 0.53320		\$ 0.68055 /Ccf
Over 100,000 Ccf	\$ 0.12735		\$ 0.53320		\$ 0.66055 /Ccf

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Large Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Large Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Large Non-Residential or Interruptible Service rate schedule.

* Meter larger than AL425

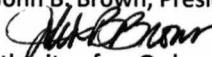
** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

Large Non-Residential rates are also subject to a Pipe Replacement Program charge of \$43.98, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff. (I)

DATE OF ISSUE: _____, 2018

DATE EFFECTIVE: May 1, 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 _____, 2018

CLASSIFICATION OF SERVICE – RATE SCHEDULES
 INTERRUPTIBLE SERVICE

APPLICABILITY

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

AVAILABILITY

Available for use by interruptible customers.

CHARACTER OF SERVICE

Interruptible - 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	\$ 250.00000				\$ 250.00000
1 - 10,000 Ccf	\$ 0.16000		\$ 0.53320		\$ 0.69320 /Ccf
10,001 - 50,000 Ccf	\$ 0.12000		\$ 0.53320		\$ 0.65320 /Ccf
50,001 - 100,000 Ccf	\$ 0.08000		\$ 0.53320		\$ 0.61320 /Ccf
Over 100,000 Ccf	\$ 0.06000		\$ 0.53320		\$ 0.59320 /Ccf

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company. In order to provide a fair opportunity to compete with other motor fuels, the customer charge and Pipe Replacement Program charge may be waived by Delta at its sole discretion for compressed natural gas fueling station customers.

Any customer required to enter into an Interruptible Agreement shall be permitted to purchase or transport gas under the Interruptible Rate Schedule as set forth on Sheet No. 5. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

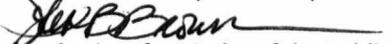
Interruptible rates are also subject to a Pipe Replacement Program charge of \$341.31, as determined in accordance with the Pipe Replacement Program Rider as set forth on Sheet 43 of this tariff. (1)

** 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.

DATE OF ISSUE: _____, 2018

DATE EFFECTIVE: May 1, 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 _____, 2018