



Delta Natural Gas Company, Inc.

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June 8, 2016



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PUBLIC SERVICE
COMMISSION

Mr. Aaron Greenwell
Acting Executive Director
Kentucky Public Service Commission
P O Box 615
Frankfort, KY 40602

**RE: CONSIDERATION OF THE IMPLEMENTATION OF SMART GRID
AND SMART METER TECHNOLOGIES
Case No. 2012-00428**

Dear Mr. Greenwell,

Delta Natural Gas Company, Inc. hereby submits the following responses to the order dated April 13, 2016 related to Case No. 2012-00428. Delta has responded to those items that it determined were applicable to the Company. All other items not addressed in this response are related to electric utilities only, and therefore, are not applicable to Delta.

- 2. The Joint Utilities shall develop policies and procedures that provide customers access to historical information regarding their energy use and tariff rate and shall endeavor to provide this information to customers in as close to real-time as practical. Furthermore, the Joint Utilities shall provide aggregated information to CAC upon its reasonable request.**

Delta provides rates and historical information to individuals upon request, as close to real-time as practical. Company contact information is available on bills and through the Company's website, www.deltagas.com. The Company also provides aggregated information to CAC upon its reasonable request.

- 3. The Joint Utilities shall develop internal policies and procedures governing customer privacy, customer education, and cybersecurity as set forth in this Order.**

Delta has developed internal policies and procedures governing customer privacy, customer education, and cybersecurity, as discussed below. Delta's internal policies and procedures governing customer privacy, customer education, and cybersecurity do not relate to smart grid or smart meters as our customers are served with mechanical meters.

- 4. Within 60 days of the date of this Order, the Joint Utilities shall file with the Commission their internal procedures governing customer privacy and customer education.**

Enclosed with this letter as Exhibit I is Delta's standard practice, AD-3 Customer Privacy Policy and Identity Theft Protection Program, which sets forth the Company's customer privacy policy. A descriptive summary of this policy has also been posted on the Company's website, www.deltagas.com.

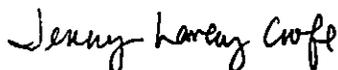
Also enclosed with this letter as Exhibit II is Delta's standard practice, AD-6 Customer Education, which sets forth Delta's customer education efforts and programs.

- 5. Within 60 days of the date of this Order, the Joint Utilities shall certify to the Commission that they have developed internal cybersecurity procedures.**

Delta has developed internal cybersecurity procedures and has documented these procedures as part of Delta's internal control documentation over Information Technology. Matthew D. Wesolosky, VP – Controller of Delta Natural Gas Company, Inc. has signed a certification which states that internal cybersecurity procedures have been developed. This certification is enclosed with this letter as Exhibit III.

Upon the Commission's request, Delta will make a presentation describing the Company's cybersecurity procedures to the Commission and the Attorney General, should he wish to attend, as it did on March 6, 2014.

Sincerely,



Jenny Lowery Croft
Manager –Employee & Regulatory Services

FORM 100

DELTA NATURAL GAS COMPANY, INC.
STANDARD PRACTICES

SUBJECT Customer Privacy Policy and Identity Theft Protection Program

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<u>ISSUED BY</u>	<u>John Brown</u>	<u>APPROVED BY</u>	<u>Glenn R. Jennings</u>		
<u>DATE EFFECTIVE</u>	<u>June 1, 2016</u>	<u>CANCELING</u>	<u>All Previous</u>		

PURPOSE: The purpose of this standard practice is to present the Customer Privacy Policy and the Identity Theft Protection Program (the Program) and promote the protection of identifying information Delta Natural Gas Company, Inc. (the Company or Delta) possesses about its customers, to protect the Company from theft of services that may result from Identity Theft and fraudulent subscription to the Company's services, and to promote compliance with all applicable laws, rules and regulations that apply to the Company, including Identity Theft Rules of the Federal Trade Commission published at 16 C.F.R. Part 681. This Program is intended to satisfy the Program Requirement of 16 C.F.R. § 682(d). The rules require the Company to develop and provide for the continued administration of a written Program to detect, prevent, and mitigate Identity Theft in connection with the Covered Accounts. All of the Company's customer accounts are being treated as Covered Accounts.

1. Definitions

- A. Covered Account - An account that a financial institution or creditor offers or maintains, primarily for personal, family or household purposes or is designed to permit multiple payments or transactions, such as a credit card account, mortgage loan, automobile loan, cell phone account, utility account, checking account and savings account.
- B. Creditor - Lenders such as banks, finance companies, automobile dealers, mortgage brokers, utility companies, and telecommunication companies that regularly extend, renew or continue credit.
- C. Customer - A person that has a Covered Account with the Company.

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- D. Identity Theft - Fraud committed or attempted using the identifying information of another person without authority.
- E. Red Flag - A pattern, practice or specific activity that indicates the possible existence of Identity Theft.
- F. Service Provider - A company that provides a service directly to the Company in conjunction with a Covered Account.
- G. Privacy - The non-disclosure of customer information to third parties without the customer's consent.

2. Customer Privacy Policy

- A. The Company respects customers' right to privacy and recognizes its responsibility to protect the confidentiality of customers' proprietary customer information, including the following:
 1. Information provided on applications and other forms.
 2. Information about customers' transactions and account experiences with us.
 3. Information from outside sources, such as credit bureaus.
- B. Delta does not sell any customer-specific information; however, the Company may sometimes disclose or provide customer information to affiliated or non-affiliated third parties to respond to a customer request for service or provide appropriate service. Reasonable safeguards are maintained to secure and protect proprietary customer information.

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The Company may also disclose customer information as permitted or required by law, including, for example:

1. To credit reporting agencies as permitted by law.
2. To local, state and federal law enforcement pursuant to lawful process.
3. To affiliated and non-affiliated third parties acting on Delta's behalf.
4. To the appropriate regulatory agencies as part of their regulatory oversights.
5. To parties other than the customer only if customer information is anonymous or aggregated.

3. Red Flag Identification

A. Red flags are defined as patterns, practices and specific forms of activity that indicate a possible risk of identity theft. The Company has identified the following as possible Red Flags:

1. An individual presents a form of personal identification that has the appearance of being altered or forged.
2. An individual presents a form of personal identification that contains a photograph or physical description that is inconsistent with the appearance of the individual.
3. An individual presents a form of personal identification or relays information that is

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inconsistent with the Company's records and/or with those records of an external information source.

4. The Company is notified by an individual victim of identity theft or a law enforcement authority that it has opened an account for a person engaged in identity theft.
 5. Any other information which in light of surrounding circumstances appears to be inconsistent.
- B. The Company will also include as possible Red Flags any pattern, practice and specific form of activity identified from applicable supervisory guidance and experiences that reflect changes in identity theft risks.
4. Red Flag Detection
- A. The Company will utilize the following methods in the detection of Red Flags:
 1. Obtain identifying information about, and verify the identity of, any person opening an account.
 2. Authenticate customer identifying information for existing accounts.
 - B. The Company will monitor and implement identity verification detection methods commensurate with the size, complexity and nature of its operation.
5. Red Flag Response
- A. The Company's response to a Red Flag shall be commensurate with the degree of risk posed. Responses
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will involve supervisory guidance and may include the following:

1. Monitoring the identified account for evidence of identity theft.
2. Contacting the customer.
3. Refusal to open a new account.
4. Closing an existing account and opening a new account.
5. Notifying applicable law enforcement authorities.
6. Determining that no response is warranted under the particular circumstances.

6. Program Update

The Program will incorporate, as appropriate, procedures and other arrangements that control reasonably foreseeable risks to customers or to the safety and soundness of the Company from Identity Theft. To comply with the federal rules, the Program includes reasonable policies and procedures to identify, detect and respond to Red Flags, that is, warning signs of possible Identity Theft. The Program will be updated as necessary to reflect changes in risks to customers or the Company.

7. Program Oversight

Oversight of the Program will be the responsibility of Delta's Director - Treasury and will include:

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- A. Assigning specific responsibility for the Program's implementation.
- B. Approving material changes to the Program as necessary to address changing Identity Theft risks.

8. Service Provider Arrangements

The Company will take appropriate steps to ensure that when it engages a service provider to perform an activity in connection with an account, the activity of the service provider is conducted in accordance with reasonable policies and procedures designed to detect, prevent and mitigate the risk of identity theft.

Customer information is shared with the following service providers:

- A. Customers provide information directly to a third party service provider in order to pay a gas bill. This information includes name, zip code, telephone number, email address, and bank account information or debit/credit card information.
- B. A third party provides nightly off-site server back-up and information storage. Information sent to this third party service provider includes all information provided by the customer to Delta as well as customer usage information.
- C. A credit agency provides Delta with debt collection services. Information sent to the credit agency includes all information provided by the customer to Delta as well as customer usage information.

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D. Customer bills are printed and mailed by a third party service provider. Delta provides this company with customer names, addresses, and usage.

9. Program Training

The Company will supply adequate training on an annual basis regarding the Program for employees engaged with the establishment or maintenance of accounts.

10. Scope

This standard practice applies to all customer information stored in Delta's Information Technology systems including E-CIS, Miscellaneous Accounts Receivable and Allegro. Customer information is stored on secure servers that are protected in controlled facilities. Employees and third party service providers are required to respect the confidentiality of any personal information held by Delta. Delta will only use customer information in accordance with this policy.

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PURPOSE: The purpose of this standard practice is to set forth a program to educate customers on various aspects of the Company and its operations.

1. Delta has five district offices staffed by experienced and knowledgeable Customer Service Representatives and Customer Representatives who provide general information, answer questions and provide individualized education as requested. Information available to customers at District Office locations include:
 - A. Delta's most recent annual report
 - B. Marketing materials
 1. Conservation/Efficiency Program (CEP) guidelines
 2. Energy conservation tips, including Delta's Energy Audit program, through which individual households are analyzed upon request and recommendations to improve conservation and efficiency are provided
 3. Calendars providing district office and emergency telephone numbers
 - C. Safety Information
 1. Provided by Kentucky 811 - Call before you dig.
 - a. General information card
 - b. American Public Works Association (APWA) uniform color code card for line location
 2. Natural gas installation checklist

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3. Residential and commercial guidelines for service lines, yard lines, house lines and appliance information
 4. All customers are provided "What is Customer Piping" information when their service is turned on
 5. Scratch and sniff cards to educate customers on the odorant added to natural gas
- D. Tariff, Billing and Payment Information
1. Tariff sheets are available for all customers to view upon request
 2. Annual meter reading schedule
 3. How to pay a bill with a credit card
2. Bill inserts are also used to provide information to customers. Topics include:
- A. What is customer piping?
 - B. What is Corrugated Stainless Steel Tubing (CSST)?
 - C. Carbon monoxide poisoning
 - D. Specific information required by Title 49, CFR, Part 192.614 and API RP 1162
 - E. Heating system maintenance check-up
 - F. Furnace rebate
 - G. Rates
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- H. Deposits recalculation
 - I. Enjoy a cookout with a natural gas grill
 - J. Basics of natural gas
 - K. What to do if you smell gas
 - L. Tips to keep your home safe
 - M. Snow and ice issues
 - N. Information about sewer lateral work
 - O. Hazards of scalding hot water
 - P. Disaster preparedness
 - Q. Budget payment plan
 - R. Automatic payment services
 - S. How to read your gas meter
3. The Company website (www.deltagas.com) currently provides the following information:
- A. What to do if you smell gas
 - B. What is Corrugated Stainless Steel Tubing (CSST)?
 - C. What is customer piping?
 - D. Carbon monoxide information
 - E. Natural gas safety data sheet
 - F. Call 811 before you dig
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- G. Recognizing and reporting emergencies
- H. Call before you clear your sewer line
- I. Map of Delta's system and district office phone numbers
- J. Energy conservation tips
- K. Customer information sheet (Most often asked questions by prospective residential customers)
- L. Rate information
 - 1. Current tariff for natural gas service
 - 2. Customer Bill of Rights
- M. Budget payment plan
- N. Automatic payment services
- O. Supply and demand and links to other industry webpages
- P. Summary of Delta's Customer Privacy Policy

4. Public Meetings

Delta periodically participates in public awareness meetings held in the Company's service territory to educate the public, including emergency first responders, contractors and customers, regarding natural gas safety and awareness. Also refer to Standard Practices O-13.3, Damage Prevention Program, and O-13.5, Public Awareness Program.

