COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

DIRECT TESTIMONY OF
WILLIAM STEVEN SEELYE

PRINCIPAL & SENIOR CONSULTANT
THE PRIME GROUP, LLC

AFFIDAVIT

The affiant, William Steven Seelye, 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. 2010-00116 in the Matter of: Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates 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 the hearing in Case No. 2010-00116 scheduled by the Commission, at which time affiant will further reaffirm the attached prepared testimony as his direct testimony in such case.

W. Steven Seelye

WILLIAM STEVEN SEELYE

STATE OF KENTUCKY)
)
COUNTY OF ~~CLARK~~ Oldham)

Subscribed and sworn to before me by William Steven Seelye, this the 21st day of April, 2010.

My Commission Expires: 4-25-2013

Christie K McCormick

Notary Public, State at Large, Kentucky

Q. Please state your name and business address.

A. My name is William Steven Seelye and my business address is The Prime Group, LLC, 6001 Claymont Village Drive, Suite 8, Crestwood, Kentucky, 40014.

Q. By whom are you employed?

A. I am a senior consultant and principal for The Prime Group, LLC, a firm located in Crestwood, Kentucky, providing consulting and educational services in the areas of utility regulatory analysis, revenue requirement support, cost of service, rate design and economic analysis.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to sponsor Delta Natural Gas Company Inc.'s ("Delta's") proposed rates for natural gas service; to describe the proposed allocation of the revenue increase; to sponsor the fully allocated class cost of service study based on Delta's embedded costs for the 12 months ended December 31, 2009; to sponsor the temperature normalization adjustment; and to sponsor Delta's depreciation study supporting the proposed depreciation rates and the pro-forma adjustment to depreciation expenses.

Q. Please summarize your testimony.

A. Delta is proposing to increase base rate revenues by $5,315,428. The Company has a large residential customer base, and, as a result, Delta is proposing to allocate $3,541,111 or 67% of the increase to the residential class. The Company is proposing to collect these revenues in large part by increasing the residential customer charge. By recovering the residential increase largely through the customer charge, Delta is proposing to continue the movement undertaken in previous rate cases in the direction of a "Straight Fixed Variable" rate design, which is a methodology that has been adopted in other regulatory jurisdictions. More specifically, Delta is proposing to recover through the monthly customer charge most of the customer-related costs identified in the cost of service study. The Prime Group prepared a fully allocated, embedded cost of service study for Delta's test-year operations using a cost of service methodology that has been accepted by the Commission in previous rate cases. The purpose of the cost of service study is to determine the contribution that each customer class is making towards Delta's overall rate of return. Rates of return are computed for each rate class. Delta was guided by the embedded cost of service study in allocating the proposed revenue increase to the classes of service. Delta is also proposing to make a temperature normalization adjustment to sales and transportation volumes not covered by the Company's Weather Normalization Adjustment ("WNA") clause. In addition, Delta is proposing to change a number of its depreciation rates based on the depreciation study included as an exhibit to my testimony.

Q. How is your testimony organized?

A. My testimony is divided into the following sections: (I) Qualifications, (II) Rate Design and the Allocation of the Increase, (III) Gas Cost of Service Study, (IV) Temperature Normalization Adjustment, (V) Revenue Adjustment to Reflect Year-End Customers, and (VI) Depreciation Study and Depreciation Expense Adjustment.

Q. Are you sponsoring any Exhibits to your testimony?

A. Yes. The exhibits that accompany my testimony in this proceeding are listed below.

Seelye Exhibit 1	Summary of Qualifications
Seelye Exhibit 2	Reconstruction of Billing Determinants
Seelye Exhibit 3	Summary of Proposed Increase
Seelye Exhibit 4	Calculated Billings at Proposed Rates

Seelye Exhibit 5	Cost of Service Study: Functional Assignment & Classification
Seelye Exhibit 6	Class Cost of Service Study: Allocation of Costs by Rate Class
Seelye Exhibit 7	Class Cost of Service Study: Storage Allocation Factor
Seelye Exhibit 8	Class Cost of Service Study: Zero Intercept Analysis
Seelye Exhibit 9	Temperature Normalization Adjustment
Seelye Exhibit 10	Year-End Customer Adjustment - Not Proposed
Seelye Exhibit 11	Depreciation Study

I. QUALIFICATIONS

Q. Please describe your educational background and prior work experience.

A. I received a Bachelor of Science degree in Mathematics from the University of Louisville in 1979. I have also completed 54 hours of graduate level course work in Industrial Engineering and Physics. From May 1979 until July 1996, I was employed by Louisville Gas and Electric Company ("LG&E"). From May 1979 until December, 1990, I held various positions within the Rate Department of LG&E. In December 1990, I became Manager of Rates and Regulatory Analysis. In May 1994, I was given additional responsibilities in the marketing area and was promoted to Manager of Market Management and Rates. I left LG&E in July 1996 to form The Prime Group, LLC, with two other former employees of LG&E.

Since leaving LG&E, I have performed cost of service and rate studies for over 150 investor-owned utilities, rural electric cooperatives, and municipal utilities. I have also developed or modified fuel and purchased power adjustment mechanisms for numerous electric and gas utilities, including integrated investor-owned utilities, integrated municipal utilities and distribution cooperatives. A more detailed description of my qualifications is included in Seelye Exhibit 1.

Q. Have you ever testified before any state or federal regulatory commissions?

A. Yes, on many occasions. I have testified in over 50 regulatory proceedings in 11 different jurisdictions. A listing of my testimony is included in Seelye Exhibit 1.

II. RATE DESIGN AND THE ALLOCATION OF THE INCREASE

Q. Is Delta proposing to change the relationship between the customer charge and volumetric charge for the residential rate class?

A. Yes. The Company is proposing a significant increase in its customer charge. Delta has a traditional residential base rate design consisting of a customer charge and a volumetric charge. This type of rate design is referred to as a "two-part" rate. Under this design, a portion of Delta's non-gas costs are collected through a monthly fixed customer charge, which does not vary with usage, and a portion of the costs are collected via a volumetric charge applied to each unit of natural gas used. Delta's residential customer charge is currently \$15.30 per month (not including the \$0.20 per month collected under Delta's Energy Assistance Program Tariff Rider) and the non-gas volumetric charge is \$0.41580 per Ccf (or \$4.1580 per Mcf). Gas costs are recovered through the Gas Cost Recovery Rate (GCR), which is a volumetric charge.

Some regulatory jurisdictions have shifted from a traditional two-part rate design to a design in which *all* non-gas costs are recovered through a fixed monthly customer charge. This type of rate structure is referred to as a "Straight Fixed Variable" rate design. This rate design evolved from pipeline rate designs that recovered all fixed costs through a fixed charge and all variable costs through a volumetric charge. Because non-gas costs are *fixed* for a gas distributor, and do not vary with the amount of gas purchased by its customers, all non-gas costs are recovered through a *fixed* monthly customer charge under a Straight Fixed Variable rate structure.

Q. Please describe the Straight Fixed Variable rate design further.

A. Under a Straight Fixed Variable rate design, a gas utility eliminates in its entirety the distribution cost component of the volumetric rate, and increases the fixed monthly customer charge accordingly. By recovering its fixed distribution costs fully through a fixed monthly charge, a utility severs the relationship between its natural gas delivery revenue (revenue less the cost of gas) and its sales of natural gas. This insulates a utility's income from changes in sales per customer.

Utilities implement a Straight Fixed Variable rate design for several reasons. Some of the more prevalent reasons to adopt Straight Fixed Variable rates are:

- A Straight Fixed Variable rate design is a simple form of decoupling, which many environmental and conservation advocates consider to be a cornerstone to the implementation of comprehensive energy conservation programs.
- A Straight Fixed Variable rate design removes all incentives for the Company to encourage customers to use more natural gas.
- A Straight Fixed Variable rate design reflects the cost of providing natural gas delivery service and sends the appropriate price signal to customers.
- Because low-income customers typically use more gas than the average customer, a Straight Fixed Variable rate design will remove the subsidy that low-income customers are providing to other residential customers.

- Through the implementation of a Straight Fixed Variable rate design, the volatility of customers' bills will be reduced.
- A Straight Fixed Variable rate design is easy for customers to understand.
- Adopting a Straight Fixed Variable rate design typically enhance the viability of gas distribution operations as a business.
- Straight Fixed Variable rate designs have been implemented in a number of progressive regulatory jurisdictions and are being considered in many others.
- A Straight Fixed Variable rate design is consistent with emerging national energy policy.

Q. Has a Straight Fixed Variable rate design been adopted in other jurisdictions?

A. Yes. The Missouri Public Service Commission ("Missouri Commission") adopted a Straight Fixed Variable rate design for Atmos Energy Corporation (*Case No. GR-2006-0387*, Order dated February 22, 2007) and Missouri Gas Energy, a division of Southern Union Company (*Case No. GR-2006-0422*, Order dated March 22, 2007). The Straight Fixed Variable rate design was proposed by the Missouri Commission Staff in the Atmos proceeding. A Straight Fixed Variable rate design is also used by the Atlanta Gas Light Company in Georgia.

In the Atmos Proceeding, the Missouri Commission accepted the Staff's recommendation to eliminate the traditional two-part rate structure and to adopt instead a Straight Fixed Variable design because collecting fixed costs through a volumetric charge:

a) Creates unnecessary volatility in customer bills by collecting too much cost in the winter months;

b) Sends incorrect price signals to residential customers;

c) Forces residential customers whose usage is greater than the average to pay more than the cost of service, while allowing smaller customers to pay less than the cost of service;

d) Provides no incentive for the utilities to promote conservation.

(*Atmos Energy Corporation, Case No. GR-2006-0387*, Order dated February 22, 2007, pp. 19-20.)

More recently, the Public Utilities Commission of Ohio ("Ohio Commission") authorized Vectren Energy Delivery of Ohio to transition to a Straight Fixed Variable rate design over a 12-month period. (*Vectren Energy Delivery of Ohio, Case No. 07-1080-GA-AIR; Case No. 07-1081-GA-ALT; Case No. 08-632-GA-AAM*, Order dated January 7, 2009.) In that proceeding the Ohio Commission Staff argued that Straight Fixed Variable rates are "reasonable, understandable, and send the proper price signals to customers." (*Id.*, at 22.) The Ohio Commission found that a Straight Fixed Variable rate design "promotes the regulatory principles of providing a more equitable allocation among customers, regardless of usage. It fairly apportions the fixed costs of service among all customers so that everyone pays their fair share." (*Id.*, at 30.) The Ohio Commission also concluded that a Straight Fixed Variable rate design sends a better price signal, stating as follows:

> [T]he Commission believes that a levelized rate design sends better price signals to consumers. The possible response of consumers to an increase in the customer charge, i.e., dropping gas service entirely and switching to a different fuel, is much less likely to occur than consumers changing their level of gas usage in response to a change in the volumetric rates. When a utility is entitled to recover costs in excess of its costs for providing the next increment of gas service, a more economically efficient rate design is

> one that recovers these additional costs largely through a change that has little impact on consumer behavior.
>
> Customers will not be misled into believing that reductions in consumption will allow them to avoid the fixed costs of the distribution system, as feared by Staff. However, the commodity costs comprise 75 to 80 percent of the total bill. (TR. III at 68). Therefore, we believe that the gas usage will still have the biggest influence on the price signals received by customers when making gas consumption decisions and that customers will still receive the appropriate benefits of any conservation efforts. (*Id.*, at 25-26.)

In Kentucky, Straight Fixed Variable rates have also been proposed by Duke Energy Kentucky, Inc. (Case No. 2009-00202) and by Columbia Gas of Kentucky, Inc. (Case No. 2009-00141). While both of those cases settled without Straight Fixed Variable rate designs, the parties agreed to, and the Commission approved, significant increases in their residential customer charges. Additionally, LG&E recently proposed Straight Fixed Variable rates in Case No. 2009-00549, a proceeding that is open before the Commission at this time.

Q. Are there any reasons for gas utilities not to adopt Straight Fixed Variable rate design?

A. Yes. While the reasons listed above for adopting Straight Fixed Variable rates are sound, utilities may elect not to adopt Straight Fixed Variable rates in order to avoid rate shock. Instead, they may adopt an incremental approach over several rate cases with movement in the direction of increasing fixed charges to appropriately reflect fixed costs. This is consistent with accepted ratemaking practices and with the principle of gradualism.

Q. Is Delta proposing a Straight Fixed Variable rate design?

A. No. Although Delta is not recommending a Straight Fixed Variable rate design, the Company is proposing to continue the significant movement in that direction undertaken in its last rate case. Specifically, Delta is proposing to set the volumetric charge close to the current level and recover nearly all of the residential revenue increase in the customer charge. Under a Straight Fixed Variable design the non-gas volumetric charge would be eliminated and all of Delta's non-gas costs would be recovered through the monthly customer charge.

Although Delta's proposed residential rate will fall far short of recovering all fixed costs in the customer charge, it will come reasonably close to recovering the customer-related costs identified in the fully allocated class cost of service study submitted in this proceeding. In the cost of service study, Delta's non-gas fixed costs are classified as either customer-related or demand-related. With a Straight Fixed Variable rate design adopted in Missouri, Georgia, and Ohio, all of these costs – both customer-related and demand-related fixed costs – would be recovered through the monthly customer charge. In this proceeding Delta is proposing to recover most -- but not all – of its customer-related costs through the monthly customer charge. Delta's customer-related cost for residential customers is currently $27.72 per month. However, the Company is only charging $15.30 per month, or 55% of the customer-related costs that were identified in the cost of service study. In this proceeding, Delta is proposing to increase the monthly customer charge to $24.00, which represents 87% of the customer-related costs identified in the cost of service study. Although this increase in the customer charge is less than it would be with Straight Fixed Variable rate design, Delta's proposal is a significant shift in that direction.

Q. What would the proposed customer charge be if a Straight Fixed Variable rate design were adopted?

A. Under a Straight Fixed Variable rate design, the fixed monthly customer charge for the residential class would be $43.77.

Q. What are the benefits of recovering most of the customer-related costs through the customer charge?

A. Recovering more of Delta's customer-related costs through the fixed monthly customer charge will better reflect the actual cost of service through rates and will thus send a more accurate price signal to customers. In addition, Delta's proposed customer charge will reduce the volatility in customer bills by lowering the amount charged during the winter.

The Company's proposal will also eliminate rate subsidies within the residential customer class. Currently, customers with lower than average usage are being subsidized by customers with higher than average usage. Based on data that I have seen from other gas utilities, including a gas utility in the region, low income customers – contrary to a common misconception – tend to purchase more gas than the average customer. One likely reason for this is that low income customers often have poorly insulated homes, which causes their gas usage to be higher than the average even though their homes may have less square footage than the average. When customer-related costs are recovered through the volumetric charge, low income customers who use more than the average will subsidize customers who use less natural gas than the average.

Yet another advantage of Delta's proposal – and one which should be an important consideration for the Company – is that a higher customer charge should help mitigate the erosion in margins that Delta has been experiencing for a number of years. Delta's average Mcf per customer has been trending down for many years now. Since 2000, the average residential usage has gone from 75 Mcf per customer in 2002 to 55 Mcf in 2009. This decline in average consumption will continue to exacerbate the earnings erosion as long as customer-related costs are included in the volumetric charge.

Because a large percentage of Delta's fixed costs have been recovered through a volumetric charge, the decline in customer usage has the effect of reducing the recovery of fixed costs and eroding the Company's earnings. Delta has not had an opportunity to earn the rate of return on equity authorized by the Commission in Delta's last three rate cases, and decreasing sales volumes have contributed heavily to this trend. This is discussed in detail in the testimony of Dr. Blake. Recovering more fixed costs through the customer charge should help mitigate this erosion in earnings.

Q. Will the proposed rate design better position the Company to encourage conservation on the part of customers?

A. Yes. Recovering a significant portion of fixed costs through a volumetric charge works to penalize the Company when customers conserve. Essentially all of Delta's non-gas costs are fixed and do not vary as customer volumes go up or down. With a significant portion of fixed costs recovered through volumetric charges, the Company's financial results are adversely affected from consumer conservation. Because Delta is not proposing to eliminate the volumetric charge for non-gas costs through the adoption a Straight Fixed Variable rate design, the Company's non-gas related revenues will continue to decline as a result of conservation, but not nearly as much as they would if Delta had proposed an increase in the volumetric charge. Thus increasing the customer charge will help maintain Delta's financial integrity while encouraging customers to use less natural gas.

Q. Have you prepared an exhibit reconstructing Delta's test-year billing units?

A. Yes. In order to develop Delta's proposed rates it was necessary to reconstruct test-year billing units. The reconstruction of Delta's billing determinants is shown on Seelye Exhibit 2.

Q. After considering all of the required adjustments, what is the proposed increase in revenues and how is the increase apportioned to the individual customer classes?

A. Delta is proposing to increase its annual revenues by $5,315,428. As shown on Seelye Exhibit 3, this amount would result in an increase of 11.54% in total operating revenue.

Delta is not proposing to increase the collection charge, reconnection charge, or bad check charge, so there is no proposed increase in miscellaneous revenue.

The proposed rates apportion the revenue increase among the customer classes as follows:

TABLE 1 Proposed Gas Increase		
Customer Class	**Proposed Increase**	**Percentage Increase**
Residential	$ 3,538,987	15.85%
Small Non-Residential	593,145	9.17%
Large Non-Residential	668,559	7.27%
Unmetered Gas Lights	448	4.31%
On-System Transportation	261,259	6.31%
Off-System Transportation	253,030	7.41%
Total Sales and Transportation	$ 5,315,428	11.54%

As shown on Seelye Exhibit 4, the effects on individual class revenues were determined by applying both the current and proposed charges to the adjusted billing determinants for each customer class.

Q. What was the basic underlying information that supported the proposed allocation among rate classes?

A. The cost of service study provided information measuring the extent to which the revenues generated by each customer class contribute to the overall return earned by the Company. The cost of service study indicates that the individual class rates of return ranged between 3.44%

and 15.08% as compared to an overall adjusted actual return on rate base of 4.79%, with residential being the lowest (excluding special contracts). This indicates a need to increase the revenues collected from the residential class more than the other classes. The rates of return for all of the rate classes except the special contracts were measurably higher than for residential. The cost of service study also showed that the earned return for the interruptible rates were extremely high when compared to the other classes of service. This is also true, albeit to a lesser degree, for the off-system transportation rate.

Because the rate of return for the residential class is significantly below Delta's proposed overall rate of return of 8.66%, Delta is proposing to increase the residential rate by a larger percentage than the other classes in order to bring the residential rate of return more in line with the overall rate of return. The proposed rate of return for the residential rate is 8.19%.

The special contracts are served under fixed-price arrangements; therefore, none of the revenue increase will be allocated to these customers.

Delta does not propose to increase the rates for the interruptible rate class because of the high rates of return for this rate class. With a rate of return of 15.08% for interruptible service, a rate increase for this rate class cannot be justified.

Delta is proposing increases for the small and large non-residential rate classes that will result in rates of return of 9.21% and 10.64 %, respectively, based on the results of the cost of service study. The Company is also proposing an increase in the off-system transportation rate that will produce a rate of return of approximately 7.26%.

Q. Is it important to consider competitive issues when designing rates?

A. Yes. It is extremely important to take into consideration the competitive pressures facing the utility when designing rates. Utility customers have many more options than they did in the past, and they are also becoming more sophisticated in how to utilize the various competitive products that are now available to them. However, the natural gas industry has always experienced keen competition from alternative fuels. When customers have alternatives (and the ability to substitute fuel oil for natural gas is only one example), gas distribution companies must be able to ensure that the revenues contributed by these customers are retained as long as they make some contribution to the utility's fixed costs. Industrial and commercial customers generally have more options than residential customers. Therefore, it is important not to charge rates to commercial and industrial customers that are not competitive and/or exceed the cost of providing service. Otherwise, large commercial and industrial customers will leave the system, forcing residential and small commercial customers, who have fewer options, to pay for fixed costs that are left stranded by the departing customers. Unlike volumetric costs, such as the cost of the gas commodity that a distribution company buys for its customers, a utility's fixed costs generally do not disappear if it sells less gas, but instead are spread over a lower volume of gas, thus causing the utility's rates to increase. Therefore, if a utility loses several large high-load factor industrial customers, then the utility's fixed costs do not suddenly disappear but are shifted to the remaining customers in future rate proceedings. On the other hand, if the utility can attract high-load factor customers or, even better, customers with off-peak usage, then the utility's fixed costs can be spread over a larger volume of gas, thus causing gas rates to go down, benefiting all customers.

Q. Are the competitive issues outlined above especially relevant to Delta?

A. Yes, for two reasons. First, Delta serves a customer base that is both rural and residential. This means that overall consumption and customer count are both lower than they would otherwise be if the utility served a more urban or industrial service territory -- which means costs are spread across comparatively fewer users with less consumption. Second, the electric provider in Delta's service territory is Kentucky Utilities Company, which has electric rates that are among the lowest in the region. This affords customers a viable, attractive, economic option for meeting their energy needs with electricity rather than natural gas. These specific circumstances for Delta only serve to augment the reasons why it is important for Delta to keep the rates as competitive as possible while considering the cost of serving these customers.

Q. What were the ratemaking objectives in developing the proposed gas rates?

A. As explained earlier, the broad aim in rate design is to develop rates that more closely reflect the cost of providing service. Therefore, one of the key objectives was to bring the unit charges more in line with the unit costs derived from the cost of service study. Thus, the proposed rates move the charges toward the unit costs indicated by the cost of service study.

Q. Have you analyzed the customer-related costs for Delta's rate classes?

A. Yes. Page 20 of Seelye Exhibit 6 shows the unit customer-related costs for each rate class based on the results of the cost of service study. The customer-related cost for each rate class was derived by calculating the customer-related cost of service, or "revenue requirement," and dividing this amount by the number of customers. Delta's cost of service includes (1) return on investment, (2) income taxes, (3) operation and maintenance expenses, (4) depreciation expenses, and (5) other taxes. The proposed overall rate of return of 8.66% was used to calculate the unit cost.

Q. What are the proposed unit charges for the residential rate class?

A. Delta is proposing a customer charge of $24.00 per customer per month and a flat commodity charge of $0.43344 for all Ccf. The current rate consists of a customer charge of $15.30 and commodity charge of $0.41580 per Ccf.

Q. What are the proposed unit charges for the small non-residential rate class?

A. Delta is proposing a customer charge of $35.00 per customer per month and a flat commodity charge of $0.43344 for all Ccf. The current rate consists of a customer charge of $25.00 and commodity charge of $0.41580 per Ccf.

Q. What are the proposed unit charges for the large non-residential rate class?

A. Delta is proposing a customer charge of $150.00 per customer per month and a commodity charge of $0.43344 for the first 2,000 Ccf, $0.26855 for the next 8,000 Ccf, $0.18894 for the next 40,000 Ccf, $0.14894 for the next 50,000 Ccf, and $0.12984 for all usage over 100,000 Ccf. The first block was set at the same level as the first block in the small non-residential rate, and the current charge differentials between the blocks were maintained.

Q. Is Delta proposing to modify the interruptible schedules?

A. No. As indicated earlier, rate increases for these services cannot be justified in light of the high class rates of return.

Q. Is Delta proposing to modify the unmetered gas lights schedules?

A. Yes. Relatively small increases are proposed for the residential, commercial, and small commercial unmetered lights schedules, which collectively amount to a 4.3% increase over current rates.

Q. Is Delta proposing to modify the on-system transportation rates?

A. Yes. Delta's on-system transportation rates are net margin rates, wherein the on-system transportation rates have the same distribution delivery charges as the corresponding sales rates; therefore, the Company is proposing the same increase in net margins for its on-system transportation rates as for the underlying sales rates. Collectively, this amounts to a 6.3% increase over current rates.

Q. Is Delta proposing to increase the off-system transportation rate?

A. Yes. Delta is proposing to increase the off-system transportation rate from $0.27 to $0.29 per Mcf of gas transported, or in the case of measurement based on heating value, $0.29 per dekatherm.

III. GAS COST OF SERVICE STUDY

Q. Did you prepare a cost of service study for Delta's natural gas operations based on financial and operating results for the 12 months ended December 31, 2009?

A. Yes. I supervised and participated in the preparation of a fully allocated, embedded cost of service study for natural gas service based on Delta's accounting costs per books, adjusted for known and measurable changes to test year operating results, for the 12 months ended December 31, 2009. The Commission has accepted in other rate case proceedings the methodology used in Delta's cost of service study. The objective in performing the cost of service study is to determine the rate of return on rate base that Delta is earning from each customer class, which provides an indication as to whether Delta's service rates reflect the cost of providing service to each customer class.

Q. Have you ever prepared an embedded cost of service study?

A. Yes, on many occasions. While employed at LG&E, I prepared numerous gas and electric cost of service studies, many of which were filed in rate cases before the Commission. Since leaving LG&E, I have prepared or supervised the preparation of well over 150 embedded cost of service studies for electric, gas and water utilities. In Kentucky, I supervised and participated in the preparation of gas cost of service studies for Delta (Case

Nos. 99-176, 2004-00067, and 2007-00089) and LG&E (Case Nos. 2000-080, 2003-00433, 2008-00252 and 2009-00549).

Q. Was the same methodology used in the cost of service study submitted in this proceeding that was used in the cost of service study filed by Delta in Case No. 2007-00089?

A. Yes. This is also the same methodology utilized by Delta in Case No. 2004-00067 and accepted by the Commission in that same proceeding in its Order dated November 10, 2004.

Q. Did you develop the model used to perform Delta's cost of service study?

A. Yes. I developed the spreadsheet model used to perform the cost of service study being submitted in this proceeding.

Q. What procedure was used in performing the cost of service study?

A. The cost of service study was prepared using the following basic procedure: (1) costs were functionally assigned (*functionalized*) to the major functional groups, (2) costs were then *classified* as commodity-related, demand-related, or customer-related; and then (3) costs were allocated to Delta's rate classes. This is a standard approach utilized in the preparation of embedded cost of service studies for gas utilities.

Q. What is the purpose of functionally assigning costs?

A. Functional assignment serves the following purposes: (1) it groups associated costs together to facilitate allocation on the basis of cost responsibility; (2) it provides a rational mechanism for grouping costs that do not appear to be related to major service functions; and (3) it provides a mechanism for separating assignable costs from joint costs, which must be allocated.

Q. What functional groups were used in the natural gas cost of service study?

A. The following standard functional groups were identified in the cost of service study: (1) Storage, (2) Transmission, (3) Distribution Commodity, (4) Distribution Structures and Equipment, (5) Distribution Mains, (6) Services, (7) Meters, (8) Customer Accounts, and (9) Customer Service Expense.

Q. How were costs classified as commodity related, demand related or customer related?

A. Classification provides a method of arranging costs so that the service characteristics which give rise to the costs can serve as a basis for allocation. Costs classified as *commodity related* tend to vary with the quantity of gas delivered, such as gas supply and the operation of compressors. Since gas supply costs were removed from the cost of service study, it was not necessary to classify gas supply costs. Costs classified as *demand related* are costs related to facilities installed to meet design-day usage requirements. Costs classified as *customer related* include costs incurred to serve customers regardless of the quantity of gas purchased or the peak requirements of the customers. All transmission plant costs were classified as demand related. Distribution Structures and Equipment costs were classified as demand-related. Costs related to Distribution Mains were classified as demand-related and customer-related using the zero-intercept methodology. Services, Meters, Customer Accounts, and Customer Service Expenses were all classified as customer-related.

Q. Have you prepared an exhibit showing the results of the functional assignment and classification steps of the cost of service study?

A. Yes. Seelye Exhibit 5 shows the results of the first two steps of the cost of service study: functional assignment and classification.

Q. In your cost of service model, once costs are functionally assigned and classified, how are these costs allocated to the customer classes?

A. In the cost of service model used in this study, Delta's accounting costs are functionally assigned and classified using what are referred to in the model as "functional vectors." These vectors are multiplied (using *scalar multiplication*) by the various accounts in order to simultaneously assign costs to the functional groups and classify costs. Therefore, in the portion of the model included in Seelye Exhibit 5, Delta's accounting costs are functionally assigned and classified using the explicitly determined functional vectors of the analysis and using internally generated functional vectors. The explicitly determined functional vectors, which are primarily used to direct where costs are functionally assigned and classified, are shown on pages 27 and 28 of Seelye Exhibit 5. Internally generated functional vectors are utilized throughout the study to functionally assign costs on the basis of similar costs or on the basis of internal cost drivers. The internally generated functional vectors are shown on pages 29 and 30 of Seelye Exhibit 5. The functional vector used to allocate a specific cost is identified by the column in the model labeled "Vector" and refers to a vector identified elsewhere in the analysis by the column labeled "Name."

Once costs for all of the major accounts are functionally assigned and classified, the resultant cost matrix for the major cost groupings (e.g., Plant in Service, Rate Base, Operation and Maintenance Expenses) is then transposed and allocated to the customer classes using "allocation vectors" or "allocation factors." The results of the class allocation step of the cost of service study are included in Seelye Exhibit 6. The costs shown in the column labeled "Total System" in Seelye Exhibit 6 were carried forward *from* the functionally assigned and classified costs shown in Seelye Exhibit 5. The column labeled "Ref" in Seelye Exhibit 6 provides a reference to the results included in Seelye Exhibit 5.

Q. Please describe the allocation factors used in the gas cost of service study.

A. The following allocation factors were used in the gas cost of service study herein:

- **DEM02** is used to allocate Storage demand-related costs and represents a composite allocation based on expected winter season requirements and design day demands. The class allocation factor is the sum of (a) the volumes (commodity) withdrawn from storage during the expected winter season, and (b) the volumes needed in storage to meet the design-day demands. The calculation of this allocation factor is shown on Seelye Exhibit 7.
- **DEM03** is used to allocate Transmission demand-related costs and is allocated on the basis of design-day demands determined at Delta's -3 degree F design-day mean temperature.
- **DEM04** is used to allocate Distribution Structures and Equipment demand-related costs and represents maximum class demands determined at Delta's -3 degree F design day mean temperature. These demands were calculated using base loads and temperature sensitive loads developed for the temperature normalization adjustment. The temperature normalization adjustment will be discussed later in my testimony.
- **DEM05** is used to allocate the demand-related portion of the cost of distribution mains and represents maximum class demands

determined at the design day mean temperature.

- **COM02** is used to allocate Storage commodity-related costs and represents actual customer class deliveries during the winter withdrawal season (defined as the months of December through March.)
- **COM03** is used to allocate Transmission commodity-related costs and represents annual throughput volumes (including both sales and transportation).
- **COM04** is used to allocate Distribution commodity-related costs and represents annual throughput volumes (including both sales and transportation) of customers served on the distribution system.
- **CUST01** is used to allocate the customer-related portion of Delta's distribution mains and represents the year-end number of customers.
- **CUST02** is used to allocate Services and is based on the total estimated cost of installing a service line per customer in each customer class weighted by the year-end number of customers in each class.
- **CUST03** is used to allocate Meters and is based on the estimated cost of meters and meter installation costs per customer in each customer class weighted by the year-end number of customers in each class.
- **CUST04** is used to allocate customer accounts expenses (Accounts 901 through 905) and is determined on the basis of the average number of customers.

- **CUST05** is used to allocate customer service expenses using the same allocation factor used to allocate Accounts 901, 902, 903, and 905 in CUST04.

Q. How are mains typically classified between demand and customer costs?

A. Two commonly used methodologies for determining demand/customer splits of distribution plant are the "minimum system" methodology and the "zero-intercept" methodology. In the minimum system approach, a "minimum" standard pipe size is selected and the minimum system is obtained by pricing all of the distribution mains at the unit cost of this minimum size pipe. The minimum system determined in this manner is then classified as customer-related and allocated on the basis of the number of customers in each rate class. All costs in excess of the minimum system are classified as demand-related. The theory supporting this approach maintains that in order for a utility to serve even the smallest customer, it would have to install a minimum size system. Therefore, the costs associated with the minimum system are related to the number of customers that are served, instead of the demand imposed by the customers on the system.

In preparing this study, the zero-intercept methodology, rather than the minimum system methodology, was used to determine the customer component of mains. Because the zero-intercept methodology is less subjective than the minimum system approach, the zero-intercept methodology is strongly preferred over the minimum system methodology when the necessary data is available. With the zero-intercept methodology, we are not forced to choose a minimum size main to determine the customer component. In the zero-intercept methodology, a zero-diameter pipe is the absolute minimum system.

Q. What is the theory behind the zero-intercept methodology?

A. The theory behind the zero-intercept methodology is that there is a linear relationship between the unit cost ($/ft) of mains and the gas flow capability of the pipe, which is proportionate to its diameter. After establishing a linear relation, which is given by the equation:

$$y = a + bx$$

where:

$\boldsymbol{y}$ is the unit cost of the pipe,

$\boldsymbol{x}$ is the size of the pipe, and

$\boldsymbol{a}, \boldsymbol{b}$ are the coefficients representing the intercept and slope, respectively

it can be determined that, theoretically, the unit cost of a pipe with zero diameter (or pipe with zero load carrying capability) is $\boldsymbol{a}$, the zero intercept. The zero intercept is essentially the cost component of mains that is invariant to the size (and load carrying capability) of the pipe.

Like most gas distribution systems, the number of feet of mains on Delta's system is not uniformly distributed over all sizes of pipe. For example, Delta has over 4.6 million feet of 2-inch plastic mains, but only 89 thousand feet of 3-inch plastic mains. For this reason, it was necessary to use a weighted regression analysis, instead of a standard least-squares analysis, in the determination of the zero intercept. Using a weighted regression analysis, the cost and diameter of each size pipe is, in effect, weighted by the number of feet of installed pipe. In a weighted regression analysis, the following weighted sum of squared differences

$$\sum_i w_i(y_i - \hat{y}_i)^2$$

is minimized, where ***w*** is the weighting factor (in this case the feet of pipe) for each size of pipe, and ***y*** is the observed value and $\hat{y}$ is the predicted value of the dependent variable (in this case the unit cost of the pipe).

Attached as Seelye Exhibit 8 is the zero-intercept analysis used in this study. The zero-intercept unit cost of $5.65 per foot pipe is applied to the total feet of mains in the analysis to determine the customer cost component. The listing on page 1 of the analysis indicates that the coefficient of determination R-squared for mains is 0.9475. The coefficient of determination is a relative measure of the closeness of fit, where a coefficient of 0.0 indicates no linear correlation between the independent variable and dependent variable and a coefficient of 1.0 indicates perfect linear correlation.

Q. Has the Commission accepted the use of the zero-intercept methodology in previous cases?

A. Yes, on many occasions. The Commission accepted the methodology utilized by Delta in Case No. 2004-00067. LG&E utilized the zero-intercept methodology in the cost of service studies submitted in several rate cases (Case Nos. 2000-080 and 90-158) in which the Commission has issued orders and the Commission found them to be reasonable. LG&E utilized the same methodology in Case Nos. 2003-00433, 2008-00252 and 2009-00549. The Commission also found the embedded cost of service study submitted by The Union Light Heat and Power in its gas base rate case (Case No. 2001-00092), which utilized a zero-intercept methodology, to be reasonable. In my experience, the zero-intercept methodology is the predominant method used in Kentucky and is used widely in other jurisdictions.

Q. Please summarize the results of the gas cost of service study.

A. The following table (Table 2) summarizes the rates of return on net cost rate base for each customer class before and after reflecting the rate adjustments proposed by Delta. The Actual Adjusted Rate of Return was calculated by dividing the adjusted net operating income by the adjusted net cost rate base for each customer class. The Proposed Rate of Return was calculated by dividing the net operating income adjusted for the proposed rate increase by the adjusted net cost rate base.

TABLE 2
Class Rates of Return

Customer Class	Actual Adjusted Rate of Return	Proposed Rate of Return
Residential	3.44%	8.19%
Small Non-Residential	5.51%	9.21%
Large Non-Residential	7.00%	10.64%
Interruptible	15.08%	15.08%
Special Contracts	0.79%	0.79%
Off-System Transportation	5.59%	7.26%
Total System	4.79%	8.66%

Q. Is the current actual rate of return for the residential class adequate?

A. No. As shown in Table 1, the actual adjusted rate of return for the residential class is below the rates of return for the other customer classes. Delta's overall adjusted rate of return is 4.79%, while the rate of return for the residential class is only 3.44%. In my opinion, Delta should be allowed to charge rates that bring the residential rate of return more in line with the overall rate of return.

Q. Would Delta's proposed rates move the company toward bringing the class rates of return closer together?

A. Yes. As Table 1 shows, the residential rates proposed by Delta result in a pro-forma rate of return of 8.19%, which brings the residential class within 47 basis points of the proposed overall rate of return of 8.66%. This is an improvement over the 1.35 percentage point difference between the current overall and residential rates of return of 4.79% and 3.44%, respectively.

IV. TEMPERATURE NORMALIZATION ADJUSTMENT

Q. Please explain the calculations and methodology used to determine the temperature normalization adjustment to test period revenue.

A. Delta has a Weather Normalization Adjustment ("WNA") clause that automatically adjusts the commodity charge to reflect normal temperatures. The WNA clause is applicable to residential and small non-residential customers and is currently applied during the months of December through April. Because the WNA automatically normalizes customer billings for these two rate classes during the months of December through April it is not necessary to perform a temperature normalization adjustment for these two classes during these months. However, it is necessary to perform a temperature normalization adjustment for the residential and small non-residential customer classes to reflect the heating months not covered by the WNA. Additionally, it is necessary to perform a temperature normalization adjustment for rate classes not billed under the WNA, namely, large non-residential and interruptible rate classes.

Q. How was the gas temperature normalization adjustment performed for the rate classes not billed under the WNA?

A. A standard temperature normalization adjustment covering the entire heating season was performed for the large non-residential and interruptible rate classes. Heating degree days related to cycle billed customer deliveries were 11 below the 30-year average Weather Bureau heating-degree days of 4,603 where the 30-year average was determined using the period ended December 31,2009. Thus, Delta's actual revenues for these rate classes were mildly understated due to slightly warmer than normal temperatures experienced during the test period. The degree-day data used for purposes of calculating the temperature normalization adjustment was obtained from the Lexington, Kentucky weather station.

The first step in computing the temperature-related variance in deliveries was to determine the annual non-temperature sensitive and temperature sensitive volumes for each rate class. The determination of the non-temperature sensitive volumes was based on the gas deliveries that occurred in July and August since those months had no heating degree days. The volumes in those two months were then multiplied by six to calculate an annual non-temperature sensitive load that was deducted from total deliveries to arrive at the annual temperature sensitive volumes.

The next step was to determine the volumetric adjustment required to normalize deliveries to reflect normal temperatures. The annual temperature sensitive volumes were divided by the actual heating degree days (4,592 for billing cycle customers) in the test period and the resulting Mcf per degree day was then multiplied by the degree-day departure from normal (11 HDDs) to arrive at the volumetric adjustment for each rate class. In the final step, the volumetric adjustment for each rate class was applied to the applicable distribution component (rate per Mcf) for each rate schedule not billed under the WNA.

Q. How was the gas temperature normalization adjustment performed for the residential and small non-residential rate classes, which are billed under the WNA?

A. The same methodology was used for the residential and small non-residential rate classes except that the difference in degree days was determined only for the months outside of the period when the WNA is applied. In other words the temperature normalization was only applied to the 7 non-WNA months of May through November. Since the WNA adjusts customer volumes during the months of December through April, it was not necessary to make a temperature normalization adjustment during these months. During the months of May through November, actual heating degree days related to cycle billed customer deliveries were 68 above the 30-year average Weather Bureau heating-degree days of 795 for those months. This difference was then used in the calculation of the temperature normalization adjustment for the residential and small non-residential rate classes.

Q. Please summarize the total impact of the gas temperature normalization adjustment.

A. The temperature normalization adjustment results in a net decrease of $63,111 to Delta's gas operating revenue. The calculation of this amount is summarized on Seelye Exhibit 9. The amount is also reflected by rate class and in total in Column 5 of Seelye Exhibit 3.

V. REVENUE ADJUSTMENT TO REFLECT YEAR-END CUSTOMERS

Q. Is Delta proposing to make a pro-forma adjustment to reflect the number of customers served at the end of the year?

A. No. Delta respectfully requests that a year-end customer adjustment not be made in this proceeding. The purpose of such an adjustment is to normalize annual revenues to reflect a going forward level of customers. The rationale for a year-end adjustment is to compare the number of customers at the end of the test year to the average number of customers during the test year. If the year-end level is higher than the average then it is assumed that the Company is adding customers and that the year-end level of customers and associated revenues is more appropriate than the average test-year level on a going-forward basis for purposes of setting rates. Delta does not believe that the year-end level of customers reflects an appropriate going forward level of customers. In fact, it is likely that the revenues associated with the year-end level will overstate Delta's going forward revenue because the year-end level of customers will almost certainly be higher than the average number of customers during the first full year that the rates go into effect.

In this proceeding, the year-end level of customers is higher than the average, but not because of customer growth; instead, it is because of the selection of the 12 months ended December as the test year. A significant number of customers disconnect service during the summer months and return to the system during the winter months. Because the test year in this proceeding ends in December – which is a winter month – using the year-end level of customers overstates the customer level that should be used for purposes of normalization. On the whole, Delta is not adding customers. In fact, Delta has been consistently losing customers over the past several years. In 2002, Delta's total average customer count was 40,185. By

2006, that number had declined to 38,117 and in the 2009 test year that number is 35,895. Based on this trend, one could expect that the number of customers served by Delta will continue to decrease, thus suggesting that a downward adjustment could be made to normalize revenues to reflect the number of customers served on a going forward basis. Delta is not proposing to make a downward revenue adjustment to reflect this trend, and requests that the Commission not make a year-end adjustment in this proceeding. The standard year-end adjustment is included in Seelye Exhibit 10 in the event that the Commission rejects the recommendation not to make a year-end adjustment.

VI. DEPRECIATION STUDY AND DEPRECIATION EXPENSE ADJUSTMENT

Q. Did you supervise the preparation of a depreciation study for Delta?

A. Yes.

Q. Was a standard methodology used to determine the depreciation accrual rates?

A. Yes. Where suitable information was available, the Simulated Plant Record (SPR) methodology was used to determine the survivor curve that best fit the plant retirement data for Delta's plant accounts. The SPR methodology is described in *Public Utility Depreciation Practices* published by the National Association of Regulatory Utility Commissioners and in other publications. Where sufficient data were not available, or the resulting statistics were not satisfactory, we relied heavily on comparisons to the survivor curves and depreciation rates utilized by neighboring gas utilities. The methodology used to develop the depreciation accrual rates is described in more detail in the report included in Seelye Exhibit 11.

Q. Was the same methodology used in this depreciation study as in study filed by Delta in its last two rate cases (Case Nos. 2004-00067 and 2007-00089)?

A. Yes.

Q. Does this conclude your testimony?

A. Yes, it does.

Seelye Exhibit 1

Summary of Qualifications

William Steven Seelye

QUALIFICATIONS OF WILLIAM STEVEN SEELYE

Summary of Qualifications

Provides consulting services to numerous investor-owned utilities, rural electric cooperatives, and municipal utilities regarding utility rate and regulatory filings, cost of service and wholesale and retail rate designs; and develops revenue requirements for utilities in general rate cases, including the preparation of analyses supporting pro-forma adjustments and the development of rate base.

Employment

Senior Consultant and Principal
The Prime Group, LLC
(July 1996 to Present)

Provides consulting services in the areas of tariff development, regulatory analysis revenue requirements, cost of service, rate design, fuel and power procurement, depreciation studies, lead-lag studies, and mathematical modeling.

Assists utilities with developing strategic marketing plans and implementation of those plans. Provides utility clients assistance regarding regulatory policy and strategy; project management support for utilities involved in complex regulatory proceedings; process audits; state and federal regulatory filing development; cost of service development and support; the development of innovative rates to achieve strategic objectives; unbundling of rates and the development of menus of rate alternatives for use with customers; performance-based rate development.

Prepared retail and wholesale rate schedules and filings submitted to the Federal Energy Regulatory Commission (FERC) and state regulatory commissions for numerous of electric and gas utilities. Performed cost of service or rate studies for over 150 utilities throughout North America. Prepared market power analyses in support of market-based rate filings submitted to the FERC for utilities and their marketing affiliates. Performed business practice audits for electric utilities, gas utilities, and independent transmission organizations (ISOs), including audits of production cost modeling, retail utility tariffs, retail utility

	billing practices, and ISO billing processes and procedures.
Manager of Rates and Other Positions Louisville Gas & Electric Co. (May 1979 to July 1996)	Held various positions in the Rate Department of LG&E. In December 1990, promoted to Manager of Rates and Regulatory Analysis. In May 1994, given additional responsibilities in the marketing area and promoted to Manager of Market Management and Rates.

Education

Bachelor of Science Degree in Mathematics, University of Louisville, 1979
54 Hours of Graduate Level Course Work in Industrial Engineering and Physics.

Associations

Member of the Society for Industrial and Applied Mathematics

Expert Witness Testimony

Alabama: Testified in Docket 28101 on behalf of Mobile Gas Service Corporation concerning rate design and pro-forma revenue adjustments.

Colorado: Testified in Consolidated Docket Nos. 01F-530E and 01A-531E on behalf of Intermountain Rural Electric Association in a territory dispute case.

FERC: Submitted direct and rebuttal testimony in Docket No. EL02-25-000 et al. concerning Public Service of Colorado's fuel cost adjustment.

Submitted direct and responsive testimony in Docket No. ER05-522-001 concerning a rate filing by Bluegrass Generation Company, LLC to charge reactive power service to LG&E Energy, LLC.

Submitted testimony in Docket Nos. ER07-1383-000 and ER08-05-000 concerning Duke Energy Shared Services, Inc.'s charges for reactive power service.

Submitted testimony in Docket No. ER08-1468-000 concerning changes to Vectren Energy's transmission formula rate.

Submitted testimony in Docket No. ER08-1588-000 concerning a generation formula rate for Kentucky Utilities Company.

Submitted testimony in Docket No. ER09-180-000 concerning changes to Vectren Energy's transmission formula rate.

Florida: Testified in Docket No. 981827 on behalf of Lee County Electric Cooperative, Inc. concerning Seminole Electric Cooperative Inc.'s wholesale rates and cost of service.

Illinois: Submitted direct, rebuttal, and surrebuttal testimony in Docket No. 01-0637 on behalf of Central Illinois Light Company ("CILCO") concerning the modification of interim supply service and the implementation of black start service in connection with providing unbundled electric service.

Indiana: Submitted direct testimony and testimony in support of a settlement agreement in Cause No. 42713 on behalf of Richmond Power & Light regarding revenue requirements, class cost of service studies, fuel adjustment clause and rate design.

Submitted direct and rebuttal testimony in Cause No. 43111 on behalf of Vectren Energy in support of a transmission cost recovery adjustment.

Submitted direct testimony in Cause No. 43773 on behalf of Crawfordsville Electric Light & Power regarding revenue requirements, class cost of service studies, fuel adjustment clause and rate design.

Kansas: Submitted direct and rebuttal testimony in Docket No. 05-WSEE-981-RTS on behalf of Westar Energy, Inc. and Kansas Gas and Electric Company regarding transmission delivery revenue requirements, energy cost adjustment clauses, fuel normalization, and class cost of service studies.

Kentucky: Testified in Administrative Case No. 244 regarding rates for cogenerators and small power producers, Case No. 8924 regarding marginal cost of service, and in numerous 6-month and 2-year fuel adjustment clause proceedings.

Submitted direct and rebuttal testimony in Case No. 96-161 and Case No. 96-362 regarding Prestonsburg Utilities' rates.

Submitted direct and rebuttal testimony in Case No. 99-046 on behalf of Delta Natural Gas Company, Inc. concerning its rate stabilization plan.

Submitted direct and rebuttal testimony in Case No. 99-176 on behalf of Delta Natural Gas Company, Inc. concerning cost of service, rate design and expense adjustments in connection with Delta's rate case.

Submitted direct and rebuttal testimony in Case No. 2000-080, testified on behalf of Louisville Gas and Electric Company concerning cost of service, rate design, and pro-forma adjustments to revenues and expenses.

Submitted rebuttal testimony in Case No. 2000-548 on behalf of Louisville Gas and Electric Company regarding the company's prepaid metering program.

Testified on behalf of Louisville Gas and Electric Company in Case No. 2002-00430 and on behalf of Kentucky Utilities Company in Case No. 2002-00429 regarding the calculation of merger savings.

Submitted direct and rebuttal testimony in Case No. 2003-00433 on behalf of Louisville Gas and Electric Company and in Case No. 2003-00434 on behalf of Kentucky Utilities Company regarding pro-forma revenue, expense and plant adjustments, class cost of service studies, and rate design.

Submitted direct and rebuttal testimony in Case No. 2004-00067 on behalf of Delta Natural Gas Company regarding pro-forma adjustments, depreciation rates, class cost of service studies, and rate design.

Testified on behalf of Kentucky Utilities Company in Case No. 2006-00129 and on behalf of Louisville Gas and electric Company in Case No. 2006-00130 concerning methodologies for recovering environmental costs through base electric rates.

Testified on behalf of Delta Natural Gas Company in Case No. 2007-00089 concerning cost of service, temperature normalization, year-end normalization, depreciation expenses, allocation of the rate increase, and rate design.

Submitted testimony on behalf of Big Rivers Electric Corporation and E.ON U.S. LLC in Case No 2007-00455 and Case No. 2007-00460 regarding the design and implementation of a Fuel Adjustment Clause, Environmental Surcharge, Unwind Surcredit, Rebate Adjustment, and Member Rate Stability Mechanism for Big Rivers Electric Corporation in connection with the unwind of a lease and purchase power transaction with E.ON U.S. LLC.

Submitted testimony in Case No. 2008-00251 on behalf of Kentucky Utilities Company and in Case No. 2008-00252 on behalf of Louisville Gas and Electric Company regarding pro-forma revenue and expense adjustments, electric and gas temperature normalization, jurisdictional separation, class cost of service studies, and rate design.

Submitted testimony in Case No. 2008-00409 on behalf of East Kentucky Power Cooperative, Inc., concerning revenue requirements, pro-forma adjustments, cost of service, and rate design.

Submitted testimony in Case No. 2009-00040 on behalf of Big Rivers Electric Corporation regarding revenue requirements and rate design.

Submitted testimony on behalf of Columbia Gas Company of Kentucky in Case No. 2009-00141 regarding the demand side management program costs and cost recovery mechanism.

Submitted testimony in Case No. 2009-00548 on behalf of Kentucky Utilities Company and in Case No. 2009-00549 on behalf of Louisville Gas and Electric Company regarding pro-forma revenue and expense adjustments, electric and gas temperature normalization, jurisdictional separation, class cost of service studies, and rate design.

Nevada: Submitted direct and rebuttal testimony in Case No. 03-10001 on behalf of Nevada Power Company regarding cash working capital and rate base adjustments.

Submitted direct and rebuttal testimony in Case No. 03-12002 on behalf of Sierra Pacific Power Company regarding cash working capital.

Submitted direct and rebuttal testimony in Case No. 05-10003 on behalf of Nevada Power Company regarding cash working capital for an electric general rate case.

Submitted direct and rebuttal testimony in Case No. 05-10005 on behalf of Sierra Pacific Power Company regarding cash working capital for a gas general rate case.

Submitted direct and rebuttal testimony in Case Nos. 06-11022 and 06-11023 on behalf of Nevada Power Company regarding cash working capital for a gas general rate case.

Submitted direct and rebuttal testimony in Case No. 07-12001 on behalf of Sierra Pacific Power Company regarding cash working capital for an electric general rate case.

Submitted direct testimony in Case No. Docket No. 08-12002 on behalf of Nevada Power Company regarding cash working capital for an electric general rate case.

Nova Scotia: Testified on behalf of Nova Scotia Power Company in NSUARB – NSPI – P-887 regarding the development and implementation of a fuel adjustment mechanism.

Submitted testimony in NSUARB – NSPI – P-884 regarding Nova Scotia Power Company's application to approve a demand-side management plan and cost recovery mechanism.

Submitted testimony in NSUARB – NSPI – P-888 regarding a general rate application filed by Nova Scotia Power Company.

Submitted testimony on behalf of Nova Scotia Power Company in the matter of the approval of backup, top-up and spill service for use in the Wholesale Open Access Market in Nova Scotia.

Submitted testimony in NSUARB – NSPI – P-884 (2) on behalf of Nova Scotia Power Company's regarding a demand-side management cost recovery mechanism.

Virginia: Submitted testimony in Case No. PUE-2008-00076 on behalf of Northern Neck Electric Cooperative regarding revenue requirements, class cost of service, jurisdictional separation and an excess facilities charge rider.

Submitted testimony in Case No. PUE-2009-00029 on behalf of Old Dominion Power Company regarding class cost of service, jurisdictional separation, allocation of the revenue increase, general rate design, time of use rates, and excess facilities charge rider.

Submitted testimony in Case No. PUE-2009-00065 on behalf of Craig-Botetourt Electric Cooperative regarding revenue requirements, class cost of service, jurisdictional separation and an excess facilities charge rider.

Seelye Exhibit 2

Reconstruction of
Billing Determinants

Delta Natural Gas Company, Inc.

Calculations to Verify Test Period Billing Determinants
For the 12 months Ended December 31, 2009

	(1) Actual Billed Revenue	(2) Elimination of Gas Cost Adjustment (See Gas Cost Exhibit)	(3) Billing Correction	(4) Revenue Excluding Gas Cost Adjustment (Column (1) + (2))	(5) Elimination of Weather Normalization Adjustment (See WNA Exhibit)	(6) Net Revenue (Column (3) + (4))	(7) Calculated Net Revenue (See Verification of Rates Exhibit)	(8) Correction Factor (Column (6) / Column (7))
REVENUE								
Residential	$ 30,606,864.00	$ (17,994,255.40)		$ 12,612,608.60	$ 71,470.00	$ 12,684,078.60	$ 12,487,172.45	0.98448
Small Non-Residential GS	9,073,688.00	(5,663,368.35)		3,410,319.65	15,561.00	3,425,880.65	3,384,458.10	0.98791
Large Non-Residential GS								
Large Non-Residential GS - Commercial	11,908,202.00	(8,082,382.97)		3,825,819.03	-	3,825,819.03	3,821,227.48	0.99880
Large Non-Residential GS - Industrial	1,203,947.00	(895,797.11)		308,149.89	-	308,149.89	308,031.29	0.99962
Total Large Non-Residential GS	13,112,149.00	(8,978,180.07)		4,133,968.93	-	4,133,968.93	4,129,258.77	
Interruptible								
Interruptible -Commercial	29,572.00	(24,285.70)		5,286.30	-	5,286.30	5,285.52	0.99985
Interruptible - Industrial	327,000.00	(275,248.31)	-	51,751.69	-	51,751.69	51,744.48	0.99986
Total Interruptible	356,572.00	(299,534.01)	-	57,037.99	-	57,037.99	57,030.00	
Unmetered Gas Lights								
Residential	5,249.00	(3,703.04)		1,545.96	-	1,545.96	1,546.78	1.00053
Commercial	3,766.00	(2,643.46)		1,122.54	-	1,122.54	1,024.65	0.91280
Small Commercial	5,274.00	(3,700.85)		1,573.15	-	1,573.15	1,434.51	0.91187
Unmetered Gas Lights	14,289.00	(10,047.35)		4,241.65		4,241.65	4,005.94	
Total Retail	$ 53,163,562.00	$ (32,945,385.18)	$ -	$ 20,218,176.82	$ 87,031.00	$ 20,305,207.82	$ 20,061,925.26	0.98802
Special Contracts	309,427.56			309,427.56		309,427.56	$ 309,427.56	1.00000
Small Non-Residential GS	186,481.17			186,481.17		186,481.17	186,481.08	1.00000
Large Non-Residential GS	2,203,535.47			2,203,535.47		2,203,535.47	2,203,556.59	1.00001
Residential	8,471.17			8,471.17		8,471.17	8,471.12	0.99999
Interuptible	1,427,028.92			1,427,028.92		1,427,028.92	1,420,339.32	0.99531
On System Transportation	4,134,944.29			4,134,944.29		4,134,944.29	4,128,275.67	
Off System Transportation	3,415,904.00			3,415,904.00		3,415,904.00	3,328,385.31	0.97438
Total Transportation	$ 7,550,848.29	$ -		$ 7,550,848.29	$ -	$ 7,550,848.29	$ 7,456,660.98	0.98753
Miscellaneous Revenue	$ 302,580.00	$ -		302,580.00		$ 302,580.00	$ 302,580.00	
Total Operating Revenue	$ 61,016,990.29	$ (32,945,385.18)	$ -	$ 28,071,605.11	$ 87,031.00	$ 28,158,636.11	$ 27,821,166.24	0.98802

	(1)	(2)	(3)	(4)	(5)	(6)
MCF						
Residential	1,650,148		9,040.00			1,650,148
Small Non-Residential GS	515,460					515,460
Large Non-Residential GS - Commercial	754,173					754,173
Large Non-Residential GS - Industrial	81,222					81,222
Interruptible - Commercial	2,210					2,210
Interruptible - Industrial	25,265					25,265
Unmetered Gas Lights - Total	1,020					1,020
Total Retail	3,029,498					3,029,498
On System Transportation Special	4,110,307					4,110,307
Off System Transportation	10,642,929					10,642,929
Total Transportation	14,753,236					14,753,236
Total	17,782,734					17,782,734

Seelye Exhibit 3

Summary of
Proposed Increase

Delta Natural Gas Company, Inc.

Summary of Rate Increase by Rate Class
Based on Adjusted Sales and Transportation for the 12 months Ended December 31, 2009

	(1) Actual Billed Revenue	(2) Elimination of Gas Cost Adjustment	(3) Correction	(4) Net Revenue Before Temperature Adjustment	(5) Temperature Adjustment	(6) GCR at Current Rates	(7) Adjusted Billings at Current Rates	(8) Increase in Revenue
		(See Gas Cost Exhibit)		(Column (1) + (2))	(See Temperature Normalization Exhibit)	6.0360	(Column (3) + (4) + (5))	
REVENUE								
Residential	$ 30,606,864	$ (17,994,255)		$ 12,612,609	$ (57,963)	$ 9,772,403	$ 22,327,049	$ 3,538,987
Small Non-Residential GS	9,073,688	(5,663,368)		3,410,320	(13,572)	3,069,026	6,465,774	593,145
Large Non-Residential GS								
Large Non-Residential GS - Commercial	11,908,202	(8,082,383)		3,825,819	4,894	4,559,291	8,390,004	628,392
Large Non-Residential GS - Industrial	1,203,947	(895,797)		308,150	640	491,187	799,977	40,167
Total Large Non-Residential GS	13,112,149	(8,978,180)		4,133,969	5,534	5,050,478	9,189,981	668,559
Interruptible								
Interruptible - Commercial	29,572	(24,286)		5,286	-	13,338	18,624	-
Interruptible - Industrial	327,000	(275,248)	-	51,752	53	152,699	204,503	-
Total Interruptible	356,572	(299,534)	-	57,038	53	166,036	223,127	-
Unmetered Gas Lights								
Residential	5,249	(3,703)		1,546		2,245	3,791	65
Commercial	3,766	(2,643)		1,123		1,630	2,752	159
Small Commercial	5,274	(3,701)		1,573		2,282	3,855	223
Unmetered Gas Lights	14,289	(10,047)		4,242		6,157	10,398	448
Total Retail	$ 53,163,562	$ (32,945,385)	$ -	$ 20,218,177	$ (65,947)	$ 18,064,101	$ 38,216,330	$ 4,801,139
Special Contracts	$ 309,428	$ -		$ 309,428	$ -	$ -	$ 309,428	$ -
Small Non-Residential GS	186,481	-		186,481	366	-	186,847	18,165
Large Non-Residential GS	2,203,535	-		2,203,535	2,470	-	2,206,005	241,036
Residential	8,471	-		8,471	-	-	8,471	2,058
Interruptible	1,427,029	-		1,427,029	-	-	1,427,029	-
On System Transportation	4,134,944	-		4,134,944	2,836	-	4,137,780	261,259
Off System Transportation	3,415,904	-		3,415,904	-	-	3,415,904	253,030
Total Transportation	$ 7,550,848	$ -		$ 7,550,848	$ 2,836	$ -	$ 7,553,684	$ 514,289
Miscellaneous Revenue	$ 302,580	$ -		$ 302,580			$ 302,580	$ -
Total Operating Revenue	$ 61,016,990	$ (32,945,385)	$ -	$ 28,071,605	$ (63,111)	$ 18,064,101	$ 46,072,595	$ 5,315,428

Seelye Exhibit 4

Calculated Billings at
Proposed Rates

Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

Residential

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	367,703	$ 15.30	$ 5,625,855.90	$ 24.00	$ 24.00	$ 8,824,872.00
Commodity Charge	*Mcf*					
All Mcf	1,650,148	$ 4.1580	6,861,316.55	$ 4.3344	$ 0.4334	7,151,742.65
Calculated Billings at Base Rates			$ 12,487,172.45			$ 15,976,614.65
Correction Factor -(Calculated / Actual)		*0.98448*		*0.98448*		
Total After Application of Correction Factor			$ 12,684,078.60			$ 16,228,544.68
Temperature Normalization						
All Mcf	(31,129)	$ 4.1580	(129,432.52)	$ 4.3344	$ 0.4334	(134,911.15)
	Mcf					
Adjusted Billings at Base Rates	1,619,020		$ 12,554,646.08			$ 16,093,633.53
GCR at Current Rates	1,619,020	6.0360	9,772,403.08	6.0360	$ 0.6036	9,772,403.08
Total Adjusted Billings at Base Rates			$ 22,327,049.16			$ 25,866,036.61
Increase in Revenue						$ 3,538,987.45
						15.9%

Delta Natural Gas Company, Inc.
Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

Small Non-Residential General Service

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	49,647	$ 25.00	$ 1,241,175.00	$ 35.00	$ 35.00	$ 1,737,645.00
Commodity Charge	*Mcf*					
All Mcf	515,460	$ 4.1580	2,143,283.10	$ 4.3344	$ 0.4334	2,234,004.07
Calculated Billings at Base Rates	515,460		$ 3,384,458.10			$ 3,971,649.07
Correction Factor -(Calculated / Actual)		*0.98791*		*0.9879*		
Total After Application of Correction Factor			$ 3,425,880.65			$ 4,020,258.28
Temperature Normalization						
First 200 Mcf	(7,006)	$ 4.1580	(29,132.71)	$ 4.3344	$ 0.4334	(30,365.84)
	Mcf					
Adjusted Billings at Base Rates	508,454		$ 3,396,747.94			$ 3,989,892.44
GCR at Current Rates	508,454	6.0360	3,069,026.39	6.0360	$ 0.6036	3,069,026.39
Total Adjusted Billings at Base Rates			$ 6,465,774.33			$ 7,058,918.83
Increase in Revenue						$ 593,144.50
						9.2%

Delta Natural Gas Company, Inc.
Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

Large Non-Residential General Service - Commercial

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	9,891	$ 100.00	$ 989,100.00	$ 150.00	$ 150.00	$ 1,483,650.00
	Mcf	*Present Rate*				
Commodity Charge						
First 200 Mcf	577,069	$ 4.1580	2,399,450.82	$ 4.3344	$ 0.4334	2,501,014.88
Next 800 Mcf	162,413	$ 2.5091	407,510.46	$ 2.6855	$ 0.2686	436,241.32
Next 4,000 Mcf	14,691	$ 1.7130	25,166.20	$ 1.8894	$ 0.1889	27,751.87
Next 5,000 Mcf	-	$ 1.3130	-	$ 1.4894	$ 0.1489	-
Over 10,000 Mcf	-	$ 1.1130	-	$ 1.2894	$ 0.1289	-
Calculated Billings at Base Rates	754,173		$ 3,821,227.48			$ 4,448,658.07
Correction Factor -(Calculated / Actual)		*0.9988*		*0.9988*		
Total After Application of Correction Factor			$ 3,825,819.03			$ 4,454,003.54
Temperature Normalization						
First 200 Mcf	1,177	$ 4.1580	4,893.97	$ 4.3344	$ 0.4334	5,101.12
	Mcf					
Adjusted Billings at Base Rates	755,350		$ 3,830,713.00			$ 4,459,104.66
GCR at Current Rates	755,350	6.0360	4,559,291.39	6.0360	0.6036	4,559,291.39
			$ 8,390,004.39			$ 9,018,396.05
Increase in Revenue						$ 628,391.66
						7.5%

Delta Natural Gas Company, Inc.
Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

Large Non-Residential General Service - Industrial

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	516	$ 100.00	$ 51,600.00	$ 150.00	$ 150.00	$ 77,400.00
Commodity Charge	***Mcf***	***Present Rate***				
First 200 Mcf	37,318	$ 4.1580	155,167.83	$ 4.3344	$ 0.4334	161,735.78
Next 800 Mcf	32,729	$ 2.5091	82,119.83	$ 2.6855	$ 0.2686	87,909.56
Next 4,000 Mcf	11,176	$ 1.7130	19,143.63	$ 1.8894	$ 0.1889	21,110.52
Next 5,000 Mcf	-	$ 1.3130	-	$ 1.4894	$ 0.1489	-
Over 10,000 Mcf	-	$ 1.1130	-	$ 1.2894	$ 0.1289	-
Calculated Billings at Base Rates	81,222		$ 308,031.29			$ 348,155.86
Correction Factor -(Calculated / Actual)		*0.99962*		*0.99962*		
Total After Application of Correction Factor			$ 308,149.89			$ 348,289.91
Temperature Normalization						
First 200 Mcf	154	$ 4.1580	640.33	$ 4.3344	$ 0.4334	667.44
	Mcf					
Adjusted Billings at Base Rates	81,376		$ 308,790.22			$ 348,957.35
GCR at Current Rates	81,376	6.0360	491,186.74	6.0360	0.6036	491,186.74
			$ 799,976.96			$ 840,144.09
Increase in Revenue						$ 40,167.13
						5.0%

Delta Natural Gas Company, Inc.
Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

Interruptible Service - Commercial

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	7	$ 250.00	$ 1,750.00	$ 250.00	$ 250.00	$ 1,750.00
Commodity Charge	*Mcf*	*Present Rate*				
First 1,000 Mcf	2,210	$ 1.6000	3,535.52	$ 1.6000	$ 0.1600	3,535.52
Next 4,000 Mcf	-	$ 1.2000	-	$ 1.2000	$ 0.1200	-
Next 5,000 Mcf	-	$ 0.8000	-	$ 0.8000	$ 0.0800	-
Over 10,000 Mcf	-	$ 0.6000	-	$ 0.6000	$ 0.0600	-
Calculated Billings at Base Rates	2,210		$ 5,285.52			$ 5,285.52
Correction Factor -(Calculated / Actual)		*0.99985*		*0.99985*		
Total After Application of Correction Factor			$ 5,286.30			$ 5,286.30
Temperature Normalization						
First 1,000 Mcf	0	$ 1.6000	-	$ 1.6000	$ 0.1600	-
	Mcf					
Adjusted Billings at Base Rates	2,210		$ 5,286.30			$ 5,286.30
GCR at Current Rates	2,210	6.0360	13,337.75	6.0360	0.6036	13,337.75
			$ 18,624.05			$ 18,624.05
Increase in Revenue						$ -
						0.0%

Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

Interruptible Service - Industrial

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	55	$ 250.00	$ 13,750.00	$ 250.00	$ 250.00	$ 13,750.00
Commodity Charge	*Mcf*	*Present Rate*				
First 1,000 Mcf	19,191	$ 1.6000	30,705.92	$ 1.6000	$ 0.1600	30,705.92
Next 4,000 Mcf	6,074	$ 1.2000	7,288.56	$ 1.2000	$ 0.1200	7,288.56
Next 5,000 Mcf	-	$ 0.8000	-	$ 0.8000	$ 0.0800	-
Over 10,000 Mcf	-	$ 0.6000	-	$ 0.6000	$ 0.0600	-
Calculated Billings at Base Rates	25,265		$ 51,744.48			$ 51,744.48
Correction Factor -(Calculated / Actual)		0.99986		0.99986		
Total After Application of Correction Factor			$ 51,751.69			$ 51,751.69
Temperature Normalization						
First 1,000 Mcf	33	$ 1.6000	52.80	$ 1.6000	$ 0.1600	52.80
	Mcf					
Adjusted Billings at Base Rates	25,298		$ 51,804.49			$ 51,804.49
GCR at Current Rates	25,298	6.0360	152,698.73	6.0360	0.6036	152,698.73
			$ 204,503.22			$ 204,503.22
Increase in Revenue						$ -
						0.0%

Delta Natural Gas Company, Inc.
Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

Unmetered Gas Lights - Residential

	Lights	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	248	$ -	$ -	$ -		$ -
Commodity Charge	**Mcf**	**Present Rate**				
All Mcf	372	$ 4.1580	1,546.78	$ 4.3344	$ 0.4334	1,612.25
Calculated Billings at Base Rates			$ 1,546.78			$ 1,612.25
Correction Factor -(Calculated / Actual)		*1.00053*		*1.00053*		
Total After Application of Correction Factor			$ 1,545.96			$ 1,611.40
Temperature Normalization	-		-	$ -		-
	Mcf					
Adjusted Billings at Base Rates	372		$ 1,545.96			$ 1,611.40
GCR at Current Rates	372	6.0360	2,245.39	6.0360	0.6036	2,245.39
			$ 3,791.35			$ 3,856.79
Increase in Revenue						$ 65.44
						1.7%

Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

Unmetered Gas Lights - Commercial

			Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
	Lights	*Present Rate*				
Customer Charge	24	$ -	$ -	$ -		$ -
	Mcf	*Present Rate*				
Commodity Charge						
All Mcf	270	$ 3.7950	1,024.65	$ 4.3344	$ 0.4334	1,170.18
Calculated Billings at Base Rates			$ 1,024.65			$ 1,170.18
Correction Factor -(Calculated / Actual)		*0.91280*		*0.91280*		
Total After Application of Correction Factor			$ 1,122.54			$ 1,281.97
Temperature Normalization	-		-	$ -		-
	Mcf					
Adjusted Billings at Base Rates	270		$ 1,122.54			$ 1,281.97
GCR at Current Rates	270	6.0360	1,629.72	6.0360	0.6036	1,629.72
			$ 2,752.26			$ 2,911.69
Increase in Revenue						$ 159.43
						5.8%

Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

Unmetered Gas Lights - Small Commercial

	Lights	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	36	$ -	$ -	$ -		$ -
Commodity Charge	*Mcf*	*Present Rate*				
All Mcf	378	$ 3.7950	1,434.51	$ 4.3344	$ 0.4334	1,638.25
Calculated Billings at Base Rates			$ 1,434.51			$ 1,638.25
Correction Factor -(Calculated / Actual)		*0.91187*		*0.91187*		
Total After Application of Correction Factor			$ 1,573.15			$ 1,796.58
Temperature Normalization	-		-	$ -		-
	Mcf					
Adjusted Billings at Base Rates	378		$ 1,573.15			$ 1,796.58
GCR at Current Rates	378	6.0360	2,281.61	6.0360	0.6036	2,281.61
			$ 3,854.76			$ 4,078.19
Increase in Revenue						$ 223.43
						5.8%

Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

On System Transportation

Special Contracts (4)

	Customers	*Mcf*		*Net Margin@ Present Rates*		*Net Margin@ Proposed Rates*
	48	1,955,008				
Calculated Billings at Base Rates				$ 309,427.56		$ 309,427.56
Correction Factor -(Calculated / Actual)			*1.00000*		*1.00000*	
Total After Application of Correction Factor				$ 309,427.56		$ 309,427.56

Delta Natural Gas Company, Inc.
Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

On System Transportation
Small Non Residential General Service -Transportation

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	1,147	$ 25.00	$ 28,675.00	$ 35.00	$ 35.00	$ 40,145.00
Commodity Charge	*Mcf*	*Present Rate*				
First 200 Mcf	37,952	$ 4.1580	157,806.08	$ 4.3344	$ 0.4334	164,485.70
Next 800 Mcf	-	$ 2.5091	-	$ 2.6855	$ 0.2686	-
Next 4,000 Mcf	-	$ 1.7130	-	$ 1.8894	$ 0.1889	-
Next 5,000 Mcf	-	$ 1.3130	-	$ 1.4894	$ 0.1489	-
Over 10,000 Mcf	-	$ 1.1130	-	$ 1.2894	$ 0.1289	-
Calculated Billings at Base Rates	37,952		$ 186,481.08			$ 204,630.70
Correction Factor -(Calculated / Actual)		*1.00000*		*1.00000*		
Total After Application of Correction Factor			$ 186,481.17			$ 204,630.80
Temperature Normalization						
First 200 Mcf	88.00	$ 4.1580	365.90	$ 4.3344	$ 0.4334	381.39
	Mcf					
Adjusted Billings at Base Rates	37,952		$ 186,847.07			$ 205,012.19
Increase in Revenue						$ 18,165.12
						9.7%

Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

On System Transportation
Large Non Residential General Service -Transportation

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	1,053	$ 100.00	$ 105,300.00	$ 150.00	$ 150.00	$ 157,950.00
Commodity Charge	***Mcf***	***Present Rate***				
First 200 Mcf	100,565	$ 4.1580	418,150.52	$ 4.3344	$ 0.4334	435,850.01
Next 800 Mcf	212,444	$ 2.5091	533,042.74	$ 2.6855	$ 0.2686	570,624.05
Next 4,000 Mcf	453,128	$ 1.7130	776,207.41	$ 1.8894	$ 0.1889	855,957.85
Next 5,000 Mcf	170,468	$ 1.3130	223,823.83	$ 1.4894	$ 0.1489	253,826.11
Over 10,000 Mcf	132,104	$ 1.1130	147,032.09	$ 1.2894	$ 0.1289	170,282.44
Calculated Billings at Base Rates	1,068,708		$ 2,203,556.59			$ 2,444,490.46
Correction Factor -(Calculated / Actual)		*1.00001*		*1.00001*		
Total After Application of Correction Factor			$ 2,203,535.47			$ 2,444,467.03
Temperature Normalization						
First 200 Mcf	594	$ 4.1580	2,469.85	$ 4.3344	$ 0.4334	2,574.40
	Mcf					
Adjusted Billings at Base Rates	1,068,708		$ 2,206,005.32			$ 2,447,041.43
Increase in Revenue						$ 241,036.11
						10.9%

Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

On System Transportation
Residential

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	211	$ 15.30	$ 3,228.30	$ 24.00	$ 24.00	$ 5,064.00
	Mcf	***Present Rate***				
Commodity Charge						
All Mcf	1,261	$ 4.1580	5,242.82	$ 4.3344	$ 0.4334	5,464.74
Calculated Billings at Base Rates			$ 8,471.12			$ 10,528.74
Correction Factor -(Calculated / Actual)		*0.99999*		*0.99999*		
Total After Application of Correction Factor			$ 8,471.17			$ 10,528.80
Temperature Normalization						
All Mcf		$ 4.1580	-	$ 4.3344	$ 0.4334	-
	Mcf					
Adjusted Billings at Base Rates	1,261		$ 8,471.17			$ 10,528.80
Increase in Revenue						$ 2,057.63
						24.3%

Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Revision of Rates
Based on the adjusted sales for the 12 months Ended December 31, 2009

On System Transportation
Interruptible Service - Transportation

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Proposed Rate Per Ccf	Calculated Net Revenue@ Proposed Rates
Customer Charge	424	$ 250.00	$ 106,000.00	$ 250.00	$ 250.00	$ 106,000.00
Commodity Charge	*Mcf*	*Present Rate*				
First 1,000 Mcf	301,642	$ 1.6000	482,627.68	$ 1.6000	$ 0.1600	482,627.68
Next 4,000 Mcf	593,018	$ 1.2000	711,621.72	$ 1.2000	$ 0.1200	711,621.72
Next 5,000 Mcf	142,299	$ 0.8000	113,839.12	$ 0.8000	$ 0.0800	113,839.12
Over 10,000 Mcf	10,418	$ 0.6000	6,250.80	$ 0.6000	$ 0.0600	6,250.80
Calculated Billings at Base Rates	1,047,377		$ 1,420,339.32			$ 1,420,339.32
Correction Factor -(Calculated / Actual)		*0.99531*		*0.99531*		
Total After Application of Correction Factor			$ 1,427,028.92			$ 1,427,028.92
Temperature Normalization						
First 1,000 Mcf		$ 1.6000	-	$ 1.6000	$ 0.1600	-
	Mcf					
Adjusted Billings at Base Rates	1,047,377		$ 1,427,028.92			$ 1,427,028.92
Increase in Revenue						$ -
						0.0%

Seelye Exhibit 5

Class Cost of Service Study

Functional Assignment
& Classification

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector		Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Gas Plant at Original Cost											
Underground Storage Plant											
350-358	Underground Storage Plant	PT350	F003	$	14,934,082	14,934,082	-	-	-	-	-
Total Storage Plant		PTST		$	14,934,082 $	14,934,082 $	- $	- $	- $	- $	-
Transmission Plant											
325-371	Transmission	PT365	F005	$	57,620,977	-	-	57,620,977	-	-	-
Distribution Plant											
374 & 304	Land and Land Rights	PT374	F008	$	327,685	-	-	-	-	-	327,685
375	Structures & Improvements	PT375	F008		112,359	-	-	-	-	-	112,359
376	Mains	PT376	F009		66,875,339	-	-	-	-	-	-
378	Meas. & Reg. Sta. Equip. - General	PT378	F008		1,435,143	-	-	-	-	-	1,435,143
379	Meas. & Reg. Sta. Equip. - City Gate	PT379	F008		500,033	-	-	-	-	-	500,033
380	Services	PT380	F010		13,709,009	-	-	-	-	-	-
381	Meters	PT381	F011		9,302,928	-	-	-	-	-	-
382	Meter Installations	PT382	F011		3,186,037	-	-	-	-	-	-
383	House Regulators	PT383	F011		3,478,550	-	-	-	-	-	-
384	House Regulator Installations	PT384	F011		-	-	-	-	-	-	-
385	Industrial Meas. & Reg. Equip.	PT385	F011		1,597,032	-	-	-	-	-	-
387	Other Equipment	PT387	F011		80,914	-	-	-	-	-	-
	Mt. Olivet	MTOVT			-	-	-				
Sub-Total Distribution Plant		PTDSUB		$	100,605,029	-	-	-	-	-	2,375,221
Transmission & Distribution Subtotal		TDSUB		$	158,226,007 $	- $	- $	57,620,977 $	- $	- $	2,375,221
U-T-D Subtotal		PTSUB		$	173,160,089	14,934,082	-	57,620,977	-	-	2,375,221
117	Gas Stored Underground/Non-Current	PT117	F003	$	4,208,069	4,208,069	-	-	-	-	-
301-303	Intangible Plant	PT301	PTSUB		53,151	4,584	-	17,686	-	-	729
389-399	General Plant	PT389	PTSUB		21,242,491	1,832,045	-	7,068,679	-	-	291,381
	Common Utility Plant	PTCP	PTSUB		-	-	-	-	-	-	-
Total Plant in Service		PTIS		$	198,663,799	20,978,780	-	64,707,343	-	-	2,667,331

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Gas Plant at Original Cost									
Underground Storage Plant									
350-358	Underground Storage Plant	PT350	F003	-	-	-	-	-	-
Total Storage Plant		PTST		$ -	$ -	$ -	$ -	$ -	$ -
Transmission Plant									
325-371	Transmission	PT365	F005	-	-	-	-	-	-
Distribution Plant									
374 & 304	Land and Land Rights	PT374	F008	-	-	-	-	-	-
375	Structures & Improvements	PT375	F008	-	-	-	-	-	-
376	Mains	PT376	F009	22,209,300	44,666,039	-	-	-	-
378	Meas. & Reg. Sta. Equip. - General	PT378	F008	-	-	-	-	-	-
379	Meas. & Reg. Sta. Equip. - City Gate	PT379	F008	-	-	-	-	-	-
380	Services	PT380	F010	-	-	13,709,009	-	-	-
381	Meters	PT381	F011	-	-	-	9,302,928	-	-
382	Meter Installations	PT382	F011	-	-	-	3,186,037	-	-
383	House Regulators	PT383	F011	-	-	-	3,478,550	-	-
384	House Regulator Installations	PT384	F011	-	-	-	-	-	-
385	Industrial Meas. & Reg. Equip.	PT385	F011	-	-	-	1,597,032	-	-
387	Other Equipment	PT387	F011	-	-	-	80,914	-	-
	Mt. Olivet	MTOVT		-	-	-	-	-	-
Sub-Total Distribution Plant		PTDSUB		22,209,300	44,666,039	13,709,009	17,645,461	-	-
Transmission & Distribution Subtotal		TDSUB		$ 22,209,300	$ 44,666,039	$ 13,709,009	$ 17,645,461	$ -	$ -
U-T-D Subtotal		PTSUB		22,209,300	44,666,039	13,709,009	17,645,461	-	-
117	Gas Stored Underground/Non-Current	PT117	F003	-	-	-	-	-	-
301-303	Intangible Plant	PT301	PTSUB	6,817	13,710	4,208	5,416	-	-
389-399	General Plant	PT389	PTSUB	2,724,536	5,479,426	1,681,759	2,164,665	-	-
	Common Utility Plant	PTCP	PTSUB	-	-	-	-	-	-
Total Plant in Service		PTIS		24,940,653	50,159,175	15,394,975	19,815,542	-	-

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description	Name	Vector		Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Gas Plant at Original Cost (Continued)										
Construction Work In Progress										
Underground Storage	CWIPUS	F003	$	-	-	-	-	-	-	-
Transmission	CWIPTR	F005	$	71,157	-	-	71,157	-	-	-
Distribution Mains	CWIPDM	F009	$	(38,587)	-	-	-	-	-	-
Other Distribution	CWIPOD	PTDSUB	$	27,411	-	-	-	-	-	647
General	CWIPCO	PT389	$	441,990	38,119	-	147,077	-	-	6,063
Total CWIP	CWIP		$	501,971	38,119	-	218,234	-	-	6,710
Total Gas Plant at Original Cost	PTT		$	199,165,770	21,016,899	-	64,925,577	-	-	2,674,041

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description	Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Gas Plant at Original Cost (Continued)								
Construction Work In Progress								
Underground Storage	CWIPUS	F003	-	-	-	-	-	-
Transmission	CWIPTR	F005	-	-	-	-	-	-
Distribution Mains	CWIPDM	F009	(12,815)	(25,772)	-	-	-	-
Other Distribution	CWIPOD	PTDSUB	6,051	12,170	3,735	4,808	-	-
General	CWIPCO	PT389	56,689	114,010	34,992	45,040	-	-
Total CWIP	CWIP		49,926	100,407	38,727	49,848	-	-
Total Gas Plant at Original Cost	PTT		24,990,578	50,259,582	15,433,703	19,865,390	-	-

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description	Name	Vector	Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Net Cost Rate Base									
Total Gas Utility Plant at Original Cost			$ 199,165,770	$ 21,016,899	$ -	$ 64,925,577	$ -	$ -	$ 2,674,041
Less:									
Reserve for Depreciation									
Underground Storage	DEPRUS	PTST	$ 5,126,945	5,126,945	-	-	-	-	-
Transmission	DEPTR	F005	20,483,644	-	-	20,483,644	-	-	-
Distribution	DEPRDI	PTDSUB	33,817,598	-	-	-	-	-	798,412
General	DEPRGE	PT389	10,824,054	933,514	-	3,601,826	-	-	148,473
Common	DEPRCO	PTCP	-	-	-	-	-	-	-
Total Depreciation Reserve	DEPR		$ 70,252,241	$ 6,060,459	$ -	$ 24,085,470	$ -	$ -	$ 946,884
Depreciation Adjustment		DEPR	$ 1,112,824	96,000	-	381,524	-	-	14,999
Customer Advances For Construction	CAD	CADAL	$ 54,605	-	-	-	-	-	-
Accum. Deferred Income Taxes	DIT	PTSUB	29,427,209	2,537,931	-	9,792,237	-	-	403,650
Investment Tax Credit	ITC	PTSUB	-	-	-	-	-	-	-
Deferred Income Taxes-FAS 109	FAS109	PTSUB	-	-	-	-	-	-	-
PLUS:									
Materials and Supplies	MSP	PTSUB	$ 596,121	51,412	-	198,366	-	-	8,177
Prepayments	PPY	PTSUB	1,631,711	140,726	-	542,970	-	-	22,382
Gas Stored Underground	GSU	F003	3,777,901	3,777,901	-	-	-	-	-
Cash Working Capital	CWC	OMT	1,658,306	56,576	170,895	403,413	56,991	13,064	18,221
Adjustments:									
Unamortized Debt		PTSUB	$ 4,542,382	391,755	-	1,511,529	-	-	62,307
Utility ARO Assets		PTT	$ (138,345)	(14,599)	-	(45,099)	-	-	(1,857)
A/D on ARO Assets		DEPR	$ 134,408	11,595	-	46,081	-	-	1,812
Net Cost Rate Base	NCRB		$ 110,521,375	$ 16,737,875	$ 170,895	$ 33,323,606	$ 56,991	$ 13,064	$ 1,419,548

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description	Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Net Cost Rate Base								
Total Gas Utility Plant at Original Cost			$ 24,990,578	$ 50,259,582	$ 15,433,703	$ 19,865,390	$ -	$ -
Less:								
Reserve for Depreciation								
Underground Storage	DEPRUS	PTST	-	-	-	-	-	-
Transmission	DEPTR	F005	-	-	-	-	-	-
Distribution	DEPRDI	PTDSUB	7,465,483	15,014,141	4,608,177	5,931,385	-	-
General	DEPRGE	PT389	1,388,280	2,792,027	856,936	1,102,999	-	-
Common	DEPRCO	PTCP	-	-	-	-	-	-
Total Depreciation Reserve	DEPR		$ 8,853,763	$ 17,806,168	$ 5,465,112	$ 7,034,384	$ -	$ -
Depreciation Adjustment		DEPR	140,247	282,057	86,570	111,427	-	-
Customer Advances For Construction	CAD	CADAL	15,049	30,266	9,289	-	-	-
Accum. Deferred Income Taxes	DIT	PTSUB	3,774,298	7,590,646	2,329,739	2,998,709	-	-
Investment Tax Credit	ITC	PTSUB	-	-	-	-	-	-
Deferred Income Taxes-FAS 109	FAS109	PTSUB	-	-	-	-	-	-
PLUS:								
Materials and Supplies	MSP	PTSUB	76,458	153,767	47,195	60,746	-	-
Prepayments	PPY	PTSUB	209,281	420,894	129,182	166,276	-	-
Gas Stored Underground	GSU	F003	-	-	-	-	-	-
Cash Working Capital	CWC	OMT	178,981	359,956	103,170	144,343	152,473	224
Adjustments:								
Unamortized Debt		PTSUB	582,600	1,171,692	359,618	462,880	-	-
Utility ARO Assets		PTT	(17,359)	(34,911)	(10,721)	(13,799)	-	-
A/D on ARO Assets		DEPR	16,939	34,067	10,456	13,458	-	-
Net Cost Rate Base	NCRB		$ 13,254,121	$ 26,655,910	$ 8,181,893	$ 10,554,775	$ 152,473	$ 224

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Labor Expenses										
Production Expenses										
Operation & Maintenance										
753	Wells and Gathering	LB 753	F006	21,827	-	-	-	21,827	-	-
754	Compressor Station	LB754	F006	102,954	-	-	-	102,954	-	-
764	Maintenance of Wells and Gathering	LB764	F006	166	-	-	-	166	-	-
765	Maintenance of Compressor Station	LB765	F006	3,525	-	-	-	3,525	-	-
Total Production Operation & Maintenance Expenses				128,472	-	-	-	128,472	-	-
807-813	Procurement Expenses	LB807	DMCM	$ -	-	-	-	-	-	-
Storage Expenses										
Operation										
814	Operations Supervision and Engineer	LB814	OSE	-	-	-	-	-	-	-
815	Maps and Records	LB815	F003	-	-	-	-	-	-	-
816	Well Expenses	LB816	F003	97,523	97,523	-	-	-	-	-
817	Lines Expenses	LB817	F003	-	-	-	-	-	-	-
818	Compressor Station Exp - Payroll	LB818	F004	20,175	-	20,175	-	-	-	-
819	Compressor Station Fuel and Power	LB819	F004	-	-	-	-	-	-	-
820	Measurement and Regulator Station	LB820	F003	-	-	-	-	-	-	-
821	Purification of Natural Gas	LB821	F004	-	-	-	-	-	-	-
823	Gas losses	LB823	F004	-	-	-	-	-	-	-
824	Other Expenses	LB824	F004	-	-	-	-	-	-	-
825	Storage Well Royalities	LB825	F003	-	-	-	-	-	-	-
826	Rents	LB826	F003	-	-	-	-	-	-	-
Total Storage Operation Labor		LBSO		$ 117,698	$ 97,523	$ 20,175	$ -	$ -	$ -	$ -
Storage Expense										
Maintenance										
830	Maintenance Super and Eng.	LB830	MSE	$ -	-	-	-	-	-	-
831	Maintenance of Structures	LB831	F003	-	-	-	-	-	-	-
832	Maintenance of Resevoirs	LB832	F003	613	613	-	-	-	-	-
833	Maintenance of Lines	LB833	F003	-	-	-	-	-	-	-
834	Main of Compressor Station Equipment	LB834	F004	1,494	-	1,494	-	-	-	-
835	Main of Meas and Reg Sta. Equip	LB835	F003	427	427	-	-	-	-	-
836	Main of Purification Equip	LB836	F004	-	-	-	-	-	-	-
837	Main of Other Equipment	LB837	F003	-	-	-	-	-	-	-
Total Maintenance Labor		LBSM		$ 2,534	$ 1,040	$ 1,494	$ -	$ -	$ -	$ -
Total Storage Labor		LBS		$ 120,232	98,563	21,669	-	-	-	-

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description	Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Labor Expenses								
Production Expenses								
Operation & Maintenance								
753 Wells and Gathering	LB 753	F006	-	-	-	-	-	-
754 Compressor Station	LB754	F006	-	-	-	-	-	-
764 Maintenance of Wells and Gathering	LB764	F006	-	-	-	-	-	-
765 Maintenance of Compressor Station	LB765	F006	-	-	-	-	-	-
Total Production Operation & Maintenance Expenses			-	-	-	-	-	-
807-813 Procurement Expenses	LB807	DMCM	-	-	-	-	-	-
Storage Expenses								
Operation								
814 Operations Supervision and Engineer	LB814	OSE	-	-	-	-	-	-
815 Maps and Records	LB815	F003	-	-	-	-	-	-
816 Well Expenses	LB816	F003	-	-	-	-	-	-
817 Lines Expenses	LB817	F003	-	-	-	-	-	-
818 Compressor Station Exp - Payroll	LB818	F004	-	-	-	-	-	-
819 Compressor Station Fuel and Power	LB819	F004	-	-	-	-	-	-
820 Measurement and Regulator Station	LB820	F003	-	-	-	-	-	-
821 Purification of Natural Gas	LB821	F004	-	-	-	-	-	-
823 Gas losses	LB823	F004	-	-	-	-	-	-
824 Other Expenses	LB824	F004	-	-	-	-	-	-
825 Storage Well Royalities	LB825	F003	-	-	-	-	-	-
826 Rents	LB826	F003	-	-	-	-	-	-
Total Storage Operation Labor	LBSO		$ -	$ -	$ -	$ -	$ -	$ -
Storage Expense								
Maintenance								
830 Maintenance Super and Eng.	LB830	MSE	-	-	-	-	-	-
831 Maintenance of Structures	LB831	F003	-	-	-	-	-	-
832 Maintenance of Resevoirs	LB832	F003	-	-	-	-	-	-
833 Maintenance of Lines	LB833	F003	-	-	-	-	-	-
834 Main of Compressor Station Equipment	LB834	F004	-	-	-	-	-	-
835 Main of Meas and Reg Sta. Equip	LB835	F003	-	-	-	-	-	-
836 Main of Purification Equip	LB836	F004	-	-	-	-	-	-
837 Main of Other Equipment	LB837	F003	-	-	-	-	-	-
Total Maintenance Labor	LBSM		$ -	$ -	$ -	$ -	$ -	$ -
Total Storage Labor	LBS		-	-	-	-	-	-

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Labor Expenses (Continued)										
Transmission										
850-867	Transmission Expenses	LB850	F005	$ -	-	-	-	-	-	-
Distribution Expenses										
Operation										
870	Operation Supr and Engr	LB870	DOES	$ -	-	-	-	-	-	-
871	Dist Load Dispatching	LB871	F007	-	-	-	-	-	-	-
872	Compr. Station Labor and Exp.	LB872	F007	-	-	-	-	-	-	-
873	Compr. Station Fuel and Power	LB873	F007	-	-	-	-	-	-	-
874.01	Other Mains/Serv. Expenses	LB874.01	CADAL	-	-	-	-	-	-	-
874.02	Leak Survey-Mains	LB874.02	F009	-	-	-	-	-	-	-
874.03	Leak Survey - Service	LB874.03	F010	-	-	-	-	-	-	-
874.04	Locate Main per Request	LB874.04	CADAL	-	-	-	-	-	-	-
874.05	Check Stop Box Access	LB874.05	F010	-	-	-	-	-	-	-
874.06	Patrolling Mains	LB874.06	F009		-	-	-	-	-	-
874.07	Check/Grease Valves	LB874.07	F009	-	-	-	-	-	-	-
874.08	Opr. Odor Equipment	LB874.08	F007	-	-	-	-	-	-	-
874.09	Locate and Inspect Valve Boxes	LB874.09	F009	-	-	-	-	-	-	-
874.1	Cut Grass - Right of Way	LB874.10	F009	-	-	-	-	-	-	-
875	Meas and Reg Station Exp.- General	LB875	F008	-	-	-	-	-	-	-
876	Meas and Reg Station Exp.- Industrial	LB876	F011	-	-	-	-	-	-	-
877	Meas and Reg Station Exp. - City Gate	LB877	F008	-	-	-	-	-	-	-
878	Meter and House Reg. Expense	LB878	F011	-	-	-	-	-	-	-
879	Customer Installation Expense	LB879	F011	-	-	-	-	-	-	-
880	Other Expenses	LB880	PTDSUB	-	-	-	-	-	-	-
881	Rents	LB881	PTDSUB	-	-	-	-	-	-	-
Total Operations Distribution Labor		LBDO		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Operations Transmission and Distribution Labor		LBTDO		$ 124,781	$ -	$ -	$ -	$ 124,781	$ -	$ -

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Labor Expenses (Continued)									
Transmission									
850-867	Transmission Expenses	LB850	F005	-	-	-	-	-	-
Distribution Expenses									
Operation									
870	Operation Supr and Engr	LB870	DOES	-	-	-	-	-	-
871	Dist Load Dispatching	LB871	F007	-	-	-	-	-	-
872	Compr. Station Labor and Exp.	LB872	F007	-	-	-	-	-	-
873	Compr. Station Fuel and Power	LB873	F007	-	-	-	-	-	-
874.01	Other Mains/Serv. Expenses	LB874.01	CADAL	-	-	-	-	-	-
874.02	Leak Survey-Mains	LB874.02	F009	-	-	-	-	-	-
874.03	Leak Survey - Service	LB874.03	F010	-	-	-	-	-	-
874.04	Locate Main per Request	LB874.04	CADAL	-	-	-	-	-	-
874.05	Check Stop Box Access	LB874.05	F010	-	-	-	-	-	-
874.06	Patrolling Mains	LB874.06	F009	-	-	-	-	-	-
874.07	Check/Grease Valves	LB874.07	F009	-	-	-	-	-	-
874.08	Opr. Odor Equipment	LB874.08	F007	-	-	-	-	-	-
874.09	Locate and Inspect Valve Boxes	LB874.09	F009	-	-	-	-	-	-
874.1	Cut Grass - Right of Way	LB874.10	F009	-	-	-	-	-	-
875	Meas and Reg Station Exp.- General	LB875	F008	-	-	-	-	-	-
876	Meas and Reg Station Exp.- Industrial	LB876	F011	-	-	-	-	-	-
877	Meas and Reg Station Exp. - City Gate	LB877	F008	-	-	-	-	-	-
878	Meter and House Reg. Expense	LB878	F011	-	-	-	-	-	-
879	Customer Installation Expense	LB879	F011	-	-	-	-	-	-
880	Other Expenses	LB880	PTDSUB	-	-	-	-	-	-
881	Rents	LB881	PTDSUB	-	-	-	-	-	-
Total Operations Distribution Labor		LBDO		$ -	$ -	$ -	$ -	$ -	$ -
Total Operations Transmission and Distribution Labor		LBTDO		$ -	$ -	$ -	$ -	$ -	$ -

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Labor Expenses (Continued)										
Maintenance Expense -- Transmission and Distribution										
885	Maintenance Supr and Engr	LB885	DMES	$ -	-	-	-	-	-	-
886	Maintenance Structures	LB886	F008	-	-	-	-	-	-	-
887	Maintenance Mains	LB887	F009	81,259	-	-	-	-	-	-
888	Maintenance Comp. Station Equip.	LB888	F007	-	-	-	-	-	-	-
889	Maintenance Meas and Reg. General	LB889	F008	-	-	-	-	-	-	-
890	Maintenance Meas and Reg - Industrial	LB890	F011	-	-	-	-	-	-	-
891	Maintenance Meas and Reg.-City Gate	LB891	F008	-	-	-	-	-	-	-
892	Maintenance Services	LB892	F010	-	-	-	-	-	-	-
893	Maintenance Meters and House Reg.	LB893	F011	18,717	-	-	-	-	-	-
894	Maintenance Other Equipment	LB894	PTDSUB	5,703	-	-	-	-	-	135
898	Maintenance Transportaion Equip	LB898	PTDSUB	-	-	-	-	-	-	-
900	Trans & Distribution Expenses	LB900	TDSUB	2,692,246	-	-	980,432	-	-	40,415
Total Maintenance Labor		LBDM		$ 2,797,925	$ -	$ -	$ 980,432	$ -	$ -	$ 40,549
Total Transmission & Distribution Labor		LBTD		$ 2,926,397	$ -	$ -	$ 980,432	$ 128,472	$ -	$ 40,549
Customer Accounts Expense										
901	Supervision	LB901	F012	$ -	-	-	-	-	-	-
902	Meter Reading	LB902	F012	-	-	-	-	-	-	-
903	Customer Records and Collections	LB903	F012	$ 439,440	-	-	-	-	-	-
904	Uncollectible Accounts	LB904	F012	-	-	-	-	-	-	-
905	Misc. Cust Account Expenses	LB905	F012	-	-	-	-	-	-	-
Total Customer Accounts Labor		LBCA		$ 439,440	$ -	$ -	$ -	$ -	$ -	$ -
Customer Service Expenses										
907-910	Customer Service	LB907	F013	$ -	-	-	-	-	-	-
Sales Expenses										
911-916	Sales Expenses	LB911	F013	$ -	-	-	-	-	-	-

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Labor Expenses (Continued)									
Maintenance Expense -- Transmission and Distribution									
885	Maintenance Supr and Engr	LB885	DMES	-	-	-	-	-	-
886	Maintenance Structures	LB886	F008	-	-	-	-	-	-
887	Maintenance Mains	LB887	F009	26,986	54,273	-	-	-	-
888	Maintenance Comp. Station Equip.	LB888	F007	-	-	-	-	-	-
889	Maintenance Meas and Reg. General	LB889	F008	-	-	-	-	-	-
890	Maintenance Meas and Reg - Industrial	LB890	F011	-	-	-	-	-	-
891	Maintenance Meas and Reg.-City Gate	LB891	F008	-	-	-	-	-	-
892	Maintenance Services	LB892	F010	-	-	-	-	-	-
893	Maintenance Meters and House Reg.	LB893	F011	-	-	-	18,717	-	-
894	Maintenance Other Equipment	LB894	PTDSUB	1,259	2,532	777	1,000	-	-
898	Maintenance Transportaion Equip	LB898	PTDSUB	-	-	-	-	-	-
900	Trans & Distribution Expenses	LB900	TDSUB	377,896	760,001	233,261	300,241	-	-
Total Maintenance Labor		LBDM		$ 406,141	$ 816,806	$ 234,039	$ 319,958	$ -	$ -
Total Transmission & Distribution Labor		LBTD		$ 406,141	$ 816,806	$ 234,039	$ 319,958	$ -	$ -
Customer Accounts Expense									
901	Supervision	LB901	F012	-	-	-	-	-	-
902	Meter Reading	LB902	F012	-	-	-	-	-	-
903	Customer Records and Collections	LB903	F012	-	-	-	-	439,440	-
904	Uncollectible Accounts	LB904	F012	-	-	-	-	-	-
905	Misc. Cust Account Expenses	LB905	F012	-	-	-	-	-	-
Total Customer Accounts Labor		LBCA		$ -	$ -	$ -	$ -	$ 439,440	$ -
Customer Service Expenses									
907-910	Customer Service	LB907	F013	-	-	-	-	-	-
Sales Expenses									
911-916	Sales Expenses	LB911	F013	-	-	-	-	-	-

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Labor Expenses (Continued)										
Administrative & General										
920	Admin and General Salaries	LB920	LBSUB	$ 2,543,913	71,925	15,813	715,457	93,751	-	29,590
921	Office Supplies and Expense	LB921	LBSUB	-	-	-	-	-	-	-
922	Admin. Expenses Transferred	LB922	LBSUB	-	-	-	-	-	-	-
923	Outside Services Employed	LB923	OMSUB	-	-	-	-	-	-	-
924	Property Insurance	LB924	PTT	-	-	-	-	-	-	-
925	Injuries and Damages	LB925	PTT	-	-	-	-	-	-	-
926	Employee Pensions and Benefits	LB926	LBSUB	989,789	27,985	6,152	278,371	36,477	-	11,513
927	Franxhise Requirement	LB927	PTT	-	-	-	-	-	-	-
928	Regulatory Commission Fee	LB928	PTT	-	-	-	-	-	-	-
929	Duplicate Charges -Dredit	LB929	PTT	-	-	-	-	-	-	-
930.1	General Advertising Expense	LB930.1	PTT	-	-	-	-	-	-	-
930.2	Misc. General Expense	LB930.2	OMSUB	-	-	-	-	-	-	-
931	Rents	LB931	PTT	-	-	-	-	-	-	-
935	Maintenance of General Plant	LB935	PT389	-	-	-	-	-	-	-
Total Administrative and General Labor		LBAG		$ 3,533,702	$ 99,910	$ 21,965	$ 993,829	$ 130,227	$ -	$ 41,104
Total Labor Expense		LBTOT		$ 7,019,771	$ 198,473	$ 43,634	$ 1,974,261	$ 258,699	$ -	$ 81,653

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Labor Expenses (Continued)									
Administrative & General									
920	Admin and General Salaries	LB920	LBSUB	296,376	596,054	170,787	233,485	320,675	-
921	Office Supplies and Expense	LB921	LBSUB	-	-	-	-	-	-
922	Admin. Expenses Transferred	LB922	LBSUB	-	-	-	-	-	-
923	Outside Services Employed	LB923	OMSUB	-	-	-	-	-	-
924	Property Insurance	LB924	PTT	-	-	-	-	-	-
925	Injuries and Damages	LB925	PTT	-	-	-	-	-	-
926	Employee Pensions and Benefits	LB926	LBSUB	115,314	231,913	66,450	90,845	124,769	-
927	Franxhise Requirement	LB927	PTT	-	-	-	-	-	-
928	Regulatory Commission Fee	LB928	PTT	-	-	-	-	-	-
929	Duplicate Charges -Dredit	LB929	PTT	-	-	-	-	-	-
930.1	General Advertising Expense	LB930.1	PTT	-	-	-	-	-	-
930.2	Misc. General Expense	LB930.2	OMSUB	-	-	-	-	-	-
931	Rents	LB931	PTT	-	-	-	-	-	-
935	Maintenance of General Plant	LB935	PT389	-	-	-	-	-	-
Total Administrative and General Labor		LBAG		$ 411,690	$ 827,967	$ 237,236	$ 324,330	$ 445,444	$ -
Total Labor Expense		LBTOT		$ 817,831	$ 1,644,773	$ 471,275	$ 644,288	$ 884,884	$ -

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector		Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Operation & Maintenance Expenses											
Production Expenses											
Operation & Maintenance											
753	Wells and Gathering	OM 753	F006		21,969	-	-	-	21,969	-	-
754	Compressor Station	OM754	F006		196,198	-	-	-	196,198	-	-
764	Maintenance of Wells and Gathering	OM764	F006		166	-	-	-	166	-	-
765	Maintenance of Compressor Station	OM765	F006		34,929	-	-	-	34,929	-	-
Total Production Operation & Maintenance Expenses					253,262	-	-	-	253,262	-	-
807-813	Procurement Expenses	OM807	DMCM	$	-	-	-	-	-	-	-
Storage Expenses											
Operation											
814	Operations Supervision and Engineer	OM814	OSE		-	-	-	-	-	-	-
815	Maps and Records	OM815	F003		-	-	-	-	-	-	-
816	Well Expenses	OM816	F003		109,451	109,451	-	-	-	-	-
817	Lines Expenses	OM817	F003		-	-	-	-	-	-	-
818	Compressor Station Exp - Payroll	OM818	F004		52,201	-	52,201	-	-	-	-
819	Compressor Station Fuel and Power	OM819	F004		-	-	-	-	-	-	-
820	Measurement and Regulator Station	OM820	F003		-	-	-	-	-	-	-
821	Purification of Natural Gas	OM821	F004		120,817	-	120,817	-	-	-	-
823	Gas losses	OM823	F004		867,900	-	867,900	-	-	-	-
824	Other Expenses	OM824	F004		27,005	-	27,005	-	-	-	-
825	Storage Well Royalities	OM825	F003		56,681	56,681	-	-	-	-	-
826	Rents	OM826	F003		-	-	-	-	-	-	-
Total Operation Expenses		OMOE		$	1,234,055 $	166,132 $	1,067,923 $	- $	- $	- $	-
Storage Expense											
Maintenance											
830	Maintenance Super and Eng.	OM830	MSE	$	-	-	-	-	-	-	-
831	Maintenance of Structures	OM831	F003		5,844	5,844	-	-	-	-	-
832	Maintenance of Resevoirs	OM832	F003		613	613	-	-	-	-	-
833	Maintenance of Lines	OM833	F003		-	-	-	-	-	-	-
834	Main of Compressor Station Equipment	OM834	F004		12,355	-	12,355	-	-	-	-
835	Main of Meas and Reg Sta. Equip	OM835	F003		2,066	2,066	-	-	-	-	-
836	Main of Purification Equip	OM836	F004		-	-	-	-	-	-	-
837	Main of Other Equipment	OM837	F003		1,154	1,154	-	-	-	-	-
Total Maintenance Expense		OMME		$	22,033 $	9,678 $	12,355 $	- $	- $	- $	-
Total Storage Expense		OMS		$	1,256,088	175,810	1,080,278	-	-	-	-

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Operation & Maintenance Expenses									
Production Expenses									
Operation & Maintenance									
753	Wells and Gathering	OM 753	F006	-	-	-	-	-	-
754	Compressor Station	OM754	F006	-	-	-	-	-	-
764	Maintenance of Wells and Gathering	OM764	F006	-	-	-	-	-	-
765	Maintenance of Compressor Station	OM765	F006	-	-	-	-	-	-
Total Production Operation & Maintenance Expenses				-	-	-	-	-	-
807-813	Procurement Expenses	OM807	DMCM	-	-	-	-	-	-
Storage Expenses									
Operation									
814	Operations Supervision and Engineer	OM814	OSE	-	-	-	-	-	-
815	Maps and Records	OM815	F003	-	-	-	-	-	-
816	Well Expenses	OM816	F003	-	-	-	-	-	-
817	Lines Expenses	OM817	F003	-	-	-	-	-	-
818	Compressor Station Exp - Payroll	OM818	F004	-	-	-	-	-	-
819	Compressor Station Fuel and Power	OM819	F004	-	-	-	-	-	-
820	Measurement and Regulator Station	OM820	F003	-	-	-	-	-	-
821	Purification of Natural Gas	OM821	F004	-	-	-	-	-	-
823	Gas losses	OM823	F004	-	-	-	-	-	-
824	Other Expenses	OM824	F004	-	-	-	-	-	-
825	Storage Well Royalities	OM825	F003	-	-	-	-	-	-
826	Rents	OM826	F003	-	-	-	-	-	-
Total Operation Expenses		OMOE		$ -	$ -	$ -	$ -	$ -	$ -
Storage Expense									
Maintenance									
830	Maintenance Super and Eng.	OM830	MSE	-	-	-	-	-	-
831	Maintenance of Structures	OM831	F003	-	-	-	-	-	-
832	Maintenance of Resevoirs	OM832	F003	-	-	-	-	-	-
833	Maintenance of Lines	OM833	F003	-	-	-	-	-	-
834	Main of Compressor Station Equipment	OM834	F004	-	-	-	-	-	-
835	Main of Meas and Reg Sta. Equip	OM835	F003	-	-	-	-	-	-
836	Main of Purification Equip	OM836	F004	-	-	-	-	-	-
837	Main of Other Equipment	OM837	F003	-	-	-	-	-	-
Total Maintenance Expense		OMME		$ -	$ -	$ -	$ -	$ -	$ -
Total Storage Expense		OMS		-	-	-	-	-	-

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector		Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Operation & Maintenance Expenses (Continued)											
Transmission											
850-867	Transmission Expenses	OM850	F005	$	121,438	-	-	121,438	-	-	-
Distribution Expenses											
Operation											
870	Operation Supr and Engr	OM870	DOES	$	-	-	-	-	-	-	-
871	Dist Load Dispatching	OM871	F007		84,043	-	-	-	-	84,043	-
872	Compr. Station Labor and Exp.	OM872	F007		-	-	-	-	-	-	-
873	Compr. Station Fuel and Power	OM873	F007		-	-	-	-	-	-	-
874.01	Other Mains/Serv. Expenses	OM874.01	CADAL		-	-	-	-	-	-	-
874.02	Leak Survey-Mains	OM874.02	F009		-	-	-	-	-	-	-
874.03	Leak Survey - Service	OM874.03	F010		-	-	-	-	-	-	-
874.04	Locate Main per Request	OM874.04	CADAL		-	-	-	-	-	-	-
874.05	Check Stop Box Access	OM874.05	F010		-	-	-	-	-	-	-
874.06	Patrolling Mains	OM874.06	F009		-	-	-	-	-	-	-
874.07	Check/Grease Valves	OM874.07	F009		-	-	-	-	-	-	-
874.08	Opr. Odor Equipment	OM874.08	F007		-	-	-	-	-	-	-
874.09	Locate and Inspect Valve Boxes	OM874.09	F009		-	-	-	-	-	-	-
874.1	Cut Grass - Right of Way	OM874.10	F009		-	-	-	-	-	-	-
875	Meas and Reg Station Exp.- General	OM875	F008		-	-	-	-	-	-	-
876	Meas and Reg Station Exp.- Industrial	OM876	F011		-	-	-	-	-	-	-
877	Meas and Reg Station Exp. - City Gate	OM877	F008		-	-	-	-	-	-	-
878	Meter and House Reg. Expense	OM878	F011		-	-	-	-	-	-	-
879	Customer Installation Expense	OM879	F011		-	-	-	-	-	-	-
880	Other Expenses	OM880	PTDSUB		359,498	-	-	-	-	-	8,488
881	Rents	OM881	PTDSUB		15,104	-	-	-	-	-	357
Total Operations Distribution Expense		OMDO		$	458,645	-	-	-	-	84,043	8,844
Total Transmission and Distribution Oper Exp		OMTDO		$	798,249	$ -	$ -	$ 121,438	$ 218,167	$ 84,043	$ 8,844

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Operation & Maintenance Expenses (Continued)									
Transmission									
850-867	Transmission Expenses	OM850	F005	-	-	-	-	-	-
Distribution Expenses									
Operation									
870	Operation Supr and Engr	OM870	DOES	-	-	-	-	-	-
871	Dist Load Dispatching	OM871	F007	-	-	-	-	-	-
872	Compr. Station Labor and Exp.	OM872	F007	-	-	-	-	-	-
873	Compr. Station Fuel and Power	OM873	F007	-	-	-	-	-	-
874.01	Other Mains/Serv. Expenses	OM874.01	CADAL	-	-	-	-	-	-
874.02	Leak Survey-Mains	OM874.02	F009	-	-	-	-	-	-
874.03	Leak Survey - Service	OM874.03	F010	-	-	-	-	-	-
874.04	Locate Main per Request	OM874.04	CADAL	-	-	-	-	-	-
874.05	Check Stop Box Access	OM874.05	F010	-	-	-	-	-	-
874.06	Patrolling Mains	OM874.06	F009	-	-	-	-	-	-
874.07	Check/Grease Valves	OM874.07	F009	-	-	-	-	-	-
874.08	Opr. Odor Equipment	OM874.08	F007	-	-	-	-	-	-
874.09	Locate and Inspect Valve Boxes	OM874.09	F009	-	-	-	-	-	-
874.1	Cut Grass - Right of Way	OM874.10	F009	-	-	-	-	-	-
875	Meas and Reg Station Exp.- General	OM875	F008	-	-	-	-	-	-
876	Meas and Reg Station Exp.- Industrial	OM876	F011	-	-	-	-	-	-
877	Meas and Reg Station Exp. - City Gate	OM877	F008	-	-	-	-	-	-
878	Meter and House Reg. Expense	OM878	F011	-	-	-	-	-	-
879	Customer Installation Expense	OM879	F011	-	-	-	-	-	-
880	Other Expenses	OM880	PTDSUB	79,362	159,608	48,987	63,054	-	-
881	Rents	OM881	PTDSUB	3,334	6,706	2,058	2,649	-	-
Total Operations Distribution Expense		OMDO		82,696	166,314	51,045	65,703	-	-
Total Transmission and Distribution Oper Exp		OMTDO		$ 82,696	$ 166,314	$ 51,045	$ 65,703	$ -	$ -

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector		Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Operation & Maintenance Expenses (Continued)											
Maintenance Expense -- Transmission and Distribution											
885	Maintenance Supr and Engr	OM885	DMES	$	-	-	-	-	-	-	-
886	Maintenance Structures	OM886	F008		-	-	-	-	-	-	-
887	Maintenance Mains	OM887	F009		157,799	-	-	-	-	-	-
888	Maintenance Comp. Station Equip.	OM888	F007		-	-	-	-	-	-	-
889	Maintenance Meas and Reg. General	OM889	F008		2,221	-	-	-	-	-	2,221
890	Maintenance Meas and Reg - Industrial	OM890	F011		-	-	-	-	-	-	-
891	Maintenance Meas and Reg.-City Gate	OM891	F008		-	-	-	-	-	-	-
892	Maintenance Services	OM892	F010		-	-	-	-	-	-	-
893	Maintenance Meters and House Reg.	OM893	F011		57,773	-	-	-	-	-	-
894	Maintenance Other Equipment	OM894	PTDSUB		130,203	-	-	-	-	-	3,074
898	Maintenance Transportaion Equip	OM898	PTDSUB		42,119	-	-	-	-	-	994
900	Trans & Distribution Expenses	OM900	TDSUB		3,530,029	-	-	1,285,526	-	-	52,991
Total Maintenance Expenses		OMME		$	3,920,144	$ -	$ -	$ 1,285,526	$ -	$ -	$ 59,281
Total Transmission & Distribution Expenses		OMDE		$	4,753,488	$ -	$ -	$ 1,406,965	$ 253,262	$ 84,043	$ 68,125
Customer Accounts Expense											
901	Supervision	OM901	F012	$	-	-	-	-	-	-	-
902	Meter Reading	OM902	F012		-	-	-	-	-	-	-
903	Customer Records and Collections	OM903	F012	$	778,501	-	-	-	-	-	-
904	Uncollectible Accounts	OM904	F012		(185,412)	-	-	-	-	-	-
905	Misc. Cust Account Expenses	OM905	F012		-	-	-	-	-	-	-
Total Customer Accounts Expense		OMCA		$	593,089	$ -	$ -	$ -	$ -	$ -	$ -
Customer Service Expenses											
907-910	Customer Service	OM907	F013	$	-	-	-	-	-	-	-
Sales Expenses											
911-916	Sales Expenses	OM911	F013	$	1,438	-	-	-	-	-	-

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Operation & Maintenance Expenses (Continued)									
Maintenance Expense -- Transmission and Distribution									
885	Maintenance Supr and Engr	OM885	DMES	-	-	-	-	-	-
886	Maintenance Structures	OM886	F008	-	-	-	-	-	-
887	Maintenance Mains	OM887	F009	52,405	105,394	-	-	-	-
888	Maintenance Comp. Station Equip.	OM888	F007	-	-	-	-	-	-
889	Maintenance Meas and Reg. General	OM889	F008	-	-	-	-	-	-
890	Maintenance Meas and Reg - Industrial	OM890	F011	-	-	-	-	-	-
891	Maintenance Meas and Reg.-City Gate	OM891	F008	-	-	-	-	-	-
892	Maintenance Services	OM892	F010	-	-	-	-	-	-
893	Maintenance Meters and House Reg.	OM893	F011	-	-	-	57,773	-	-
894	Maintenance Other Equipment	OM894	PTDSUB	28,743	57,807	17,742	22,837	-	-
898	Maintenance Transportaion Equip	OM898	PTDSUB	9,298	18,700	5,739	7,387	-	-
900	Trans & Distribution Expenses	OM900	TDSUB	495,490	996,501	305,849	393,671	-	-
Total Maintenance Expenses		OMME		$ 585,937	$ 1,178,402	$ 329,330	$ 481,668	$ -	$ -
Total Transmission & Distribution Expenses		OMDE		$ 668,633	$ 1,344,715	$ 380,376	$ 547,371	$ -	$ -
Customer Accounts Expense									
901	Supervision	OM901	F012	-	-	-	-	-	-
902	Meter Reading	OM902	F012	-	-	-	-	-	-
903	Customer Records and Collections	OM903	F012	-	-	-	-	778,501	-
904	Uncollectible Accounts	OM904	F012	-	-	-	-	(185,412)	-
905	Misc. Cust Account Expenses	OM905	F012	-	-	-	-	-	-
Total Customer Accounts Expense		OMCA		$ -	$ -	$ -	$ -	$ 593,089	$ -
Customer Service Expenses									
907-910	Customer Service	OM907	F013	-	-	-	-	-	-
Sales Expenses									
911-916	Sales Expenses	OM911	F013	-	-	-	-	-	1,438

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Operation & Maintenance Expenses (Continued)										
Administrative & General										
920	Admin and General Salaries	OM920	LBSUB	$ 2,628,513	74,317	16,339	739,251	96,869	-	30,575
921	Office Supplies and Expense	OM921	LBSUB	549,130	15,526	3,413	154,439	20,237	-	6,387
922	Admin. Expenses Transferred	OM922	LBSUB	(3,314,076)	(93,700)	(20,600)	(932,060)	(122,134)	-	(38,549)
923	Outside Services Employed	OM923	OMSUB	1,085,160	28,888	177,507	231,187	41,615	13,810	11,194
924	Property Insurance	OM924	PTT	846,315	89,307	-	275,888	-	-	11,363
925	Injuries and Damages	OM925	PTT	-	-	-	-	-	-	-
926	Employee Pensions and Benefits	OM926	LBSUB	3,978,940	112,498	24,733	1,119,049	146,636	-	46,282
927	Franchise Requirement	OM927	PTT	-	-	-	-	-	-	-
928	Regulatory Commission Fee	OM928	PTT	189,509	19,998	-	61,778	-	-	2,544
929	Duplicate Charges -Dredit	OM929	PTT	-	-	-	-	-	-	-
930.1	General Advertising Expense	OM930.1	PTT	-	-	-	-	-	-	-
930.2	Misc. General Expense	OM930.2	OMSUB	559,375	14,891	91,501	119,172	21,452	7,119	5,770
931	Rents	OM931	PTT	-	-	-	-	-	-	-
932	Maintenance of General Plant	OM932	PT389	197,811	17,060	-	65,824	-	-	2,713
Total Administrative and General Expense		OMAGT		$ 6,720,678	$ 278,786	$ 292,892	$ 1,834,526	$ 204,674	$ 20,928	$ 78,280
Total Operation & Maintenance Expense		OMT		$ 13,324,781	$ 454,596	$ 1,373,171	$ 3,241,491	$ 457,936	$ 104,971	$ 146,405

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Operation & Maintenance Expenses (Continued)									
Administrative & General									
920	Admin and General Salaries	OM920	LBSUB	306,232	615,876	176,466	241,250	331,340	-
921	Office Supplies and Expense	OM921	LBSUB	63,976	128,664	36,866	50,400	69,221	-
922	Admin. Expenses Transferred	OM922	LBSUB	(386,103)	(776,507)	(222,492)	(304,172)	(417,759)	-
923	Outside Services Employed	OM923	OMSUB	109,867	220,958	62,502	89,942	97,454	236
924	Property Insurance	OM924	PTT	106,193	213,568	65,582	84,414	-	-
925	Injuries and Damages	OM925	PTT	-	-	-	-	-	-
926	Employee Pensions and Benefits	OM926	LBSUB	463,562	932,289	267,128	365,195	501,569	-
927	Franchise Requirement	OM927	PTT	-	-	-	-	-	-
928	Regulatory Commission Fee	OM928	PTT	23,779	47,823	14,685	18,902	-	-
929	Duplicate Charges -Dredit	OM929	PTT	-	-	-	-	-	-
930.1	General Advertising Expense	OM930.1	PTT	-	-	-	-	-	-
930.2	Misc. General Expense	OM930.2	OMSUB	56,634	113,899	32,218	46,363	50,235	122
931	Rents	OM931	PTT	-	-	-	-	-	-
932	Maintenance of General Plant	OM932	PT389	25,371	51,025	15,661	20,157	-	-
Total Administrative and General Expense		OMAGT		$ 769,511	$ 1,547,594	$ 448,617	$ 612,451	$ 632,060	$ 358
Total Operation & Maintenance Expense		OMT		$ 1,438,144	$ 2,892,310	$ 828,992	$ 1,159,822	$ 1,225,149	$ 1,796

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Depreciation Expenses										
Underground Storage										
350-357	Underground Storage Plant	DP350	F003	$ 293,733	293,733	-	-	-	-	-
Transmission										
365-371	Transmission Plant	DP365	F005	$ 1,232,318	-	-	1,232,318	-	-	-
Distribution										
374	Land & Land Rights	DP374	F008	$ -	-	-	-	-	-	-
375	Structures & Improvements	DP375	F008	3,000	-	-	-	-	-	3,000
376	Mains	DP376	F009	926,374	-	-	-	-	-	-
378	Meas & Reg Station Eq.-Gen	DP378	F008	45,914	-	-	-	-	-	45,914
379	Meas & Reg Station Eq.-City Gate	DP379	F008	14,674	-	-	-	-	-	14,674
380	Services	DP380	F010	191,190	-	-	-	-	-	-
381	Meters	DP381	F011	211,954	-	-	-	-	-	-
382	Meter Installations	DP382	F011	74,194	-	-	-	-	-	-
383	House Regulators	DP383	F011	130,944	-	-	-	-	-	-
384	House Regulator Installations	DP384	F011	-	-	-	-	-	-	-
385	Industrial Meas & Reg Equipment	DP385	F011	36,370	-	-	-	-	-	-
387	Other Equipment	DP387	F011	-	-	-	-	-	-	-
	Other		PTSUB	-	-	-	-	-	-	-
Total Distribution				$ 1,634,615	$ -	$ -	$ -	$ -	$ -	$ 63,588
117	Gas Stored Underground	DP117	F003	$ -	-	-	-	-	-	-
301-303	Intangible Plant	DP301	PTSUB	-	-	-	-	-	-	-
389-399	General Plant	DP389	PTSUB	651,391	56,179	-	216,758	-	-	8,935
Common Utility Plant		DPCP	PTSUB	-	-	-	-	-	-	-
Amortization of Gas Plant		AMORT	PTSUB	(19,800)	(1,708)	-	(6,589)	-	-	(272)
Accretion Expense		ACCRTN	PTSUB	-	-	-	-	-	-	-
Total Depreciation Expense		DEPREX		$ 3,792,258	$ 348,204	$ -	$ 1,442,487	$ -	$ -	$ 72,251

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description		Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Depreciation Expenses									
Underground Storage									
350-357	Underground Storage Plant	DP350	F003	-	-	-	-	-	-
Transmission									
365-371	Transmission Plant	DP365	F005	-	-	-	-	-	-
Distribution									
374	Land & Land Rights	DP374	F008	-	-	-	-	-	-
375	Structures & Improvements	DP375	F008	-	-	-	-	-	-
376	Mains	DP376	F009	307,649	618,725	-	-	-	-
378	Meas & Reg Station Eq.-Gen	DP378	F008	-	-	-	-	-	-
379	Meas & Reg Station Eq.-City Gate	DP379	F008	-	-	-	-	-	-
380	Services	DP380	F010	-	-	191,190	-	-	-
381	Meters	DP381	F011	-	-	-	211,954	-	-
382	Meter Installations	DP382	F011	-	-	-	74,194	-	-
383	House Regulators	DP383	F011	-	-	-	130,944	-	-
384	House Regulator Installations	DP384	F011	-	-	-	-	-	-
385	Industrial Meas & Reg Equipment	DP385	F011	-	-	-	36,370	-	-
387	Other Equipment	DP387	F011	-	-	-	-	-	-
	Other		PTSUB	-	-	-	-	-	-
Total Distribution				$ 307,649	$ 618,725	$ 191,190	$ 453,463	$ -	$ -
117	Gas Stored Underground	DP117	F003	-	-	-	-	-	-
301-303	Intangible Plant	DP301	PTSUB	-	-	-	-	-	-
389-399	General Plant	DP389	PTSUB	83,547	168,024	51,570	66,378	-	-
Common Utility Plant		DPCP	PTSUB	-	-	-	-	-	-
Amortization of Gas Plant		AMORT	PTSUB	(2,540)	(5,107)	(1,568)	(2,018)	-	-
Accretion Expense		ACCRTN	PTSUB	-	-	-	-	-	-
Total Depreciation Expense		DEPREX		$ 388,656	$ 781,642	$ 241,193	$ 517,824	$ -	$ -

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description	Name	Vector	Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Taxes Other Than Income Taxes									
Liscense & Privilege Fee	OTRE	PTT	$ 7,382	779	-	2,407	-	-	99
Property Taxes	OTPP	PTT	1,320,467	139,342	-	430,456	-	-	17,729
Payroll Taxes	OTUN	LBTOT	577,030	16,315	3,587	162,286	21,265	-	6,712
Total Taxes Other Than Income Taxes	OTT		$ 1,904,879	$ 156,435	$ 3,587	$ 595,148	$ 21,265	$ -	$ 24,540
Interest on Long Term Debt	INT	PTT	$ 4,075,601	430,076	-	1,328,596	-	-	54,720

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description	Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Taxes Other Than Income Taxes								
Liscense & Privilege Fee	OTRE	PTT	926	1,863	572	736	-	-
Property Taxes	OTPP	PTT	165,687	333,221	102,325	131,707	-	-
Payroll Taxes	OTUN	LBTOT	67,226	135,202	38,739	52,961	72,738	-
Total Taxes Other Than Income Taxes	OTT		$ 233,840	$ 470,285	$ 141,636	$ 185,405	$ 72,738	$ -
Interest on Long Term Debt	INT	PTT	511,391	1,028,480	315,825	406,513	-	-

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description	Name	Vector	Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Functional Assignment Vectors									
Gas Supply Demand	F001		1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Gas Supply Commodity	F002		1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Storage Demand	F003		1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Storage Commodity	F004		1.000000	0.000000	1.000000	0.000000	0.000000	0.000000	0.000000
Transmission Demand	F005		1.000000	0.000000	0.000000	1.000000	0.000000	0.000000	0.000000
Transmission Commodity	F006		1.000000	0.000000	0.000000	0.000000	1.000000	0.000000	0.000000
Distribution Expense Commodity	F007		1.000000	0.000000	0.000000	0.000000	0.000000	1.000000	0.000000
Distribution Structures & Equipment	F008		1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
Distribution Mains	F009		1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Services	F010		1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Meters	F011		1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Customer Accounts	F012		1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Customer Service Expense	F013		1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Transmission & Distribution Mains	TDMSUB		$ 124,496,316	$ -	$ -	$ 57,620,977	$ -	$ -	$ -

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description	Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Functional Assignment Vectors								
Gas Supply Demand	F001		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Gas Supply Commodity	F002		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Storage Demand	F003		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Storage Commodity	F004		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Transmission Demand	F005		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Transmission Commodity	F006		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Distribution Expense Commodity	F007		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Distribution Structures & Equipment	F008		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Distribution Mains	F009		0.332100	0.667900	0.000000	0.000000	0.000000	0.000000
Services	F010		0.000000	0.000000	1.000000	0.000000	0.000000	0.000000
Meters	F011		0.000000	0.000000	0.000000	1.000000	0.000000	0.000000
Customer Accounts	F012		0.000000	0.000000	0.000000	0.000000	1.000000	0.000000
Customer Service Expense	F013		0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
Transmission & Distribution Mains	TDMSUB	$	22,209,300	$ 44,666,039	$ -	$ -	$ -	$ -

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description	Name	Vector	Total Company	Storage Demand	Storage Commodity	Transmission Demand	Transmission Commodity	Distribution Commodity	Distribution Structures & Equipment Demand
Internally Generated Functional Vectors									
Sub-Total Distribution Plant		PTDSUB	1.000000	-	-	-	-	-	0.023609
Storage-Transmission-Distribution Subtotal		PTSUB	1.000000	0.086244	-	0.332761	-	-	0.013717
Total Storage Plant		PTST	1.000000	1.000000	-	-	-	-	-
Transmission Plant		PT365	1.000000	-	-	1.000000	-	-	-
General Plant		PT389	1.000000	0.086244	-	0.332761	-	-	0.013717
Total Distribution Plant		PTDSUB	1.000000	-	-	-	-	-	0.023609
Sub-Total CWIP		CWIP	1.000000	0.075939	-	0.434755	-	-	0.013367
Total Depreciation Reserve		DEPR	1.000000	0.086267	-	0.342843	-	-	0.013478
Storage-Transmission -Distribution Plant Subtotal		PTSUB	1.000000	0.086244	-	0.332761	-	-	0.013717
Transmission and Distribution Payroll		LBTD	1.000000	-	-	0.335030	0.043901	-	0.013856
Transmission and Distribution Mains		TDMSUB	1.000000	-	-	0.462833	-	-	-
Storage Operation Expenses Subtotal	OSE		117,698	97,523	20,175	-	-	-	-
Storage Maintenance Expenses Subtotal	MSE		2,534	1,040	1,494	-	-	-	-
Mains & Services	CADAL		80,584,347	-	-	-	-	-	-
Demand/Commodity Percent of Purchased Gas Cost	DMCM		1.00000						
Distribution Operation Expenses Subtotal	DOES		-	-	-	-	-	-	-
Distribution Maintenance Expenses Subtotal	DMES		105,679	-	-	-	-	-	135
Subtotal Labor Expenses	LBSUB	$	3,486,069 $	98,563 $	21,669 $	980,432 $	128,472 $	- $	40,549
Subtotal O&M Expenses	OMSUB	$	6,604,104 $	175,810 $	1,080,278 $	1,406,965 $	253,262 $	84,043 $	68,125

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Functional Assignment and Classification

Description	Name	Vector	Distribution Mains Demand	Distribution Mains Customer	Services Customer	Meters Customer	Customer Accounts Customer	Customer Service Expense Customer
Internally Generated Functional Vectors								
Sub-Total Distribution Plant		PTDSUB	0.220757	0.443974	0.136266	0.175393	-	-
Storage-Transmission-Distribution Subtotal		PTSUB	0.128259	0.257946	0.079170	0.101903	-	-
Total Storage Plant		PTST	-	-	-	-	-	-
Transmission Plant		PT365	-	-	-	-	-	-
General Plant		PT389	0.128259	0.257946	0.079170	0.101903	-	-
Total Distribution Plant		PTDSUB	0.220757	0.443974	0.136266	0.175393	-	-
Sub-Total CWIP		CWIP	0.099459	0.200026	0.077151	0.099304	-	-
Total Depreciation Reserve		DEPR	0.126028	0.253461	0.077793	0.100130	-	-
Storage-Transmission -Distribution Plant Subtotal		PTSUB	0.128259	0.257946	0.079170	0.101903	-	-
Transmission and Distribution Payroll		LBTD	0.138785	0.279117	0.079975	0.109335	-	-
Transmission and Distribution Mains		TDMSUB	0.178393	0.358774	-	-	-	-
Storage Operation Expenses Subtotal	OSE		-	-	-	-	-	-
Storage Maintenance Expenses Subtotal	MSE		-	-	-	-	-	-
Mains & Services	CADAL		22,209,300	44,666,039	13,709,009	-	-	-
Demand/Commodity Percent of Purchased Gas Cost	DMCM							
Distribution Operation Expenses Subtotal	DOES		-	-	-	-	-	-
Distribution Maintenance Expenses Subtotal	DMES		28,245	56,805	777	19,717	-	-
Subtotal Labor Expenses	LBSUB	$	406,141 $	816,806 $	234,039 $	319,958 $	439,440 $	-
Subtotal O&M Expenses	OMSUB	$	668,633 $	1,344,715 $	380,376 $	547,371 $	593,089 $	1,438

Seelye Exhibit 6

Class Cost of Service Study

Allocation of Costs by
Rate Class

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Plant in Service (Continued)										
Distribution Mains										
Demand	PTIS	PTISDMD	DEM05	$ 24,940,653	$ 11,308,407	$ 3,718,577	$ 8,103,281	$ 1,722,368	$ 88,020	$ -
Customer	PTIS	PTISDMC	CUST01	50,159,175	$ 42,800,385	$ 5,963,396	$ 1,337,078	$ 56,926	$ 1,388	$ -
Total Distribution Mains				75,099,828	$ 54,108,792	$ 9,681,973	$ 9,440,359	$ 1,779,295	$ 89,409	$ -
Services										
Customer	PTIS	PTISSC	CUST02	$ 15,394,975	$ 12,679,380	$ 1,646,099	$ 1,022,766	$ 43,545	$ 3,186	$ -
Meters										
Customer	PTIS	PTISMC	CUST03	$ 19,815,542	$ 13,355,472	$ 2,990,345	$ 3,046,528	$ 378,581	$ 44,616	$ -
Customer Accounts										
Customer	PTIS	PTISCAC	CUST04	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Customer Service										
Customer	PTIS	PTISCSC	CUST05	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total		PLT		$ 198,663,799	$ 108,094,752	$ 23,520,966	$ 34,112,662	$ 4,940,043	$ 4,498,739	$ 23,496,637

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Rate Base										
Gas Supply Costs										
Demand	NCRB	RBGSD	DEM01	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commodity	NCRB	RBGSC	COM01	-	$ -	$ -	$ -	$ -	$ -	$ -
Total Procurement Expenses				$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage										
Demand	NCRB	RBSD	DEM02	$ 16,737,875	$ 7,954,835	$ 2,624,831	$ 6,158,209	$ -	$ -	$ -
Commodity	NCRB	RBSC	COM02	170,895	$ 77,028	$ 26,273	$ 67,594	$ -	$ -	$ -
Total Storage				$ 16,908,770	$ 8,031,863	$ 2,651,104	$ 6,225,803	$ -	$ -	$ -
Transmission										
Demand	NCRB	RBTD	TDEM	$ 33,323,606	$ 8,637,065	$ 2,840,151	$ 6,189,074	$ 1,315,500	$ 2,241,294	$ 12,100,523
Commodity	NCRB	RBTC	COM03	56,991	$ 5,294	$ 1,775	$ 6,103	$ 3,445	$ 6,266	$ 34,109
Total Transmission				$ 33,380,598	$ 8,642,359	$ 2,841,926	$ 6,195,177	$ 1,318,945	$ 2,247,559	$ 12,134,632
Distribution Expenses										
Commodity	NCRB	RBDEC	COM04	$ 13,064	$ 4,115	$ 1,380	$ 4,744	$ 2,678	$ 147	$ -
Distribution Structures & Equipment										
Demand	NCRB	RBDSD	DEM04	$ 1,419,548	$ 643,641	$ 211,650	$ 461,215	$ 98,032	$ 5,010	$ -

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector		Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Rate Base (Continued)											
Distribution Mains											
Demand	NCRB	RBDMD	DEM05	$	13,254,121 $	6,009,586 $	1,976,150 $	4,306,297 $	915,312 $	46,776 $	-
Customer	NCRB	RBDMC	CUST01		26,655,910 $	22,745,255 $	3,169,106 $	710,559 $	30,252 $	738 $	-
Total Distribution Mains					39,910,031 $	28,754,841 $	5,145,256 $	5,016,856 $	945,564 $	47,514 $	-
Services											
Customer	NCRB	RBSC	CUST02	$	8,181,893 $	6,738,649 $	874,844 $	543,564 $	23,142 $	1,693 $	-
Meters											
Customer	NCRB	RBMC	CUST03	$	10,554,775 $	7,113,810 $	1,592,811 $	1,622,737 $	201,652 $	23,765 $	-
Customer Accounts											
Customer	NCRB	RBCAC	CUST04	$	152,473 $	119,847 $	16,547 $	14,954 $	594 $	63 $	469
Customer Service											
Customer	NCRB	RBCSC	CUST05	$	224 $	191 $	26 $	6 $	0 $	0 $	-
Total		RBT		$	110,521,375 $	60,049,315 $	13,335,545 $	20,085,056 $	2,590,607 $	2,325,751 $	12,135,101

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector		Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Operation and Maintenance Expenses											
Gas Supply Costs											
Demand	OMT	OMGSD	DEM01	$	- $	- $	- $	- $	- $	- $	-
Commodity	OMT	OMGSC	COM01		- $	- $	- $	- $	- $	- $	-
Total Procurement Expenses		OMGST		$	- $	- $	- $	- $	- $	- $	-
Storage											
Demand	OMT	OMSD	DEM02	$	454,596 $	216,051 $	71,290 $	167,255 $	- $	- $	-
Commodity	OMT	OMSC	COM02		1,373,171 $	618,932 $	211,108 $	543,131 $	- $	- $	-
Total Storage		OMST		$	1,827,766 $	834,983 $	282,397 $	710,386 $	- $	- $	-
Transmission											
Demand	OMT	OMTD	TDEM	$	3,241,491 $	840,154 $	276,270 $	602,030 $	127,963 $	218,018 $	1,177,055
Commodity	OMT	OMTC	COM03		457,936 $	42,536 $	14,261 $	49,041 $	27,679 $	50,345 $	274,074
Total Transmission		OMTRT		$	3,699,427 $	882,690 $	290,531 $	651,071 $	155,642 $	268,362 $	1,451,129
Distribution Expenses											
Commodity	OMT	OMDEC	COM04	$	104,971 $	33,064 $	11,085 $	38,121 $	21,516 $	1,184 $	-
Distribution Structures & Equipment											
Demand	OMT	OMDSD	DEM04	$	146,405 $	66,382 $	21,829 $	47,567 $	10,111 $	517 $	-

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector		Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Operation and Maintenance Expenses (Continued)											
Distribution Mains											
Demand	OMT	OMDMD	DEM05	$	1,438,144 $	652,072 $	214,423 $	467,256 $	99,316 $	5,075 $	-
Customer	OMT	OMDMC	CUST01		2,892,310 $	2,467,983 $	343,865 $	77,099 $	3,283 $	80 $	-
Total Distribution Mains					4,330,453 $	3,120,055 $	558,288 $	544,356 $	102,599 $	5,156 $	-
Services											
Customer	OMT	OMSC	CUST02	$	828,992 $	682,762 $	88,640 $	55,074 $	2,345 $	172 $	-
Meters											
Customer	OMT	OMMC	CUST03	$	1,159,822 $	781,708 $	175,028 $	178,316 $	22,159 $	2,611 $	-
Customer Accounts											
Customer	OMT	OMCAC	CUST04	$	1,225,149 $	962,994 $	132,961 $	120,155 $	4,771 $	502 $	3,767
Customer Service											
Customer	OMT	OMCSC	CUST05	$	1,796 $	1,534 $	212 $	48 $	2 $	0 $	-
Total		OMTT		$	13,324,781 $	7,366,173 $	1,560,971 $	2,345,094 $	319,144 $	278,504 $	1,454,896

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
<u>Payroll Expenses</u>										
Distribution Mains										
Demand	LBTOT	LBDMD	DEM05	$ 817,831	$ 370,815	$ 121,936	$ 265,715	$ 56,478	$ 2,886	$ -
Customer	LBTOT	LBDMC	CUST01	1,644,773	$ 1,403,470	$ 195,546	$ 43,844	$ 1,867	$ 46	$ -
Total Distribution Mains				2,462,604	$ 1,774,285	$ 317,482	$ 309,559	$ 58,345	$ 2,932	$ -
Services										
Customer	LBTOT	LBSC	CUST02	$ 471,275	$ 388,144	$ 50,391	$ 31,309	$ 1,333	$ 98	$ -
Meters										
Customer	LBTOT	LBMC	CUST03	$ 644,288	$ 434,244	$ 97,229	$ 99,056	$ 12,309	$ 1,451	$ -
Customer Accounts										
Customer	LBTOT	LBCAC	CUST04	$ 884,884	$ 695,538	$ 96,033	$ 86,784	$ 3,446	$ 363	$ 2,720
Customer Service										
Customer	LBTOT	LBCSC	CUST05	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total		LBTT		$ 7,019,771	$ 3,978,961	$ 787,464	$ 1,037,895	$ 174,646	$ 166,358	$ 874,448

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Depreciation Expenses										
Gas Supply Costs										
Demand	DEPREX	DEGSD	DEM01	$ -	$ -	$ -	$ -	$ -	$ -	-
Commodity	DEPREX	DEGSC	COM01	-	$ -	$ -	$ -	$ -	$ -	-
Total Procurement Expenses		DEGST		$ -	$ -	$ -	$ -	$ -	$ -	-
Storage										
Demand	DEPREX	DESD	DEM02	$ 348,204	$ 165,487	$ 54,605	$ 128,111	$ -	$ -	-
Commodity	DEPREX	DESC	COM02	-	$ -	$ -	$ -	$ -	$ -	-
Total Storage		DEST		$ 348,204	$ 165,487	$ 54,605	$ 128,111	$ -	$ -	-
Transmission										
Demand	DEPREX	DETD	TDEM	$ 1,442,487	$ 373,875	$ 122,942	$ 267,908	$ 56,944	$ 97,019	$ 523,798
Commodity	DEPREX	DETC	COM03	-	$ -	$ -	$ -	$ -	$ -	$ -
Total Transmission		DETT		$ 1,442,487	$ 373,875	$ 122,942	$ 267,908	$ 56,944	$ 97,019	$ 523,798
Distribution Expenses										
Commodity	DEPREX	DEDEC	COM04	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Structures & Equipment										
Demand	DEPREX	DEDSD	DEM04	$ 72,251	$ 32,760	$ 10,772	$ 23,475	$ 4,990	$ 255	$ -

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Depreciation Expenses (Continued)										
Distribution Mains										
Demand	DEPREX	DEDMD	DEM05	$ 388,656	$ 176,221	$ 57,947	$ 126,275	$ 26,840	$ 1,372	$ -
Customer	DEPREX	DEDMC	CUST01	781,642	$ 666,968	$ 92,929	$ 20,836	$ 887	$ 22	$ -
Total Distribution Mains				1,170,298	$ 843,190	$ 150,876	$ 147,111	$ 27,727	$ 1,393	$ -
Services										
Customer	DEPREX	DESC	CUST02	$ 241,193	$ 198,648	$ 25,789	$ 16,024	$ 682	$ 50	$ -
Meters										
Customer	DEPREX	DEMC	CUST03	$ 517,824	$ 349,008	$ 78,144	$ 79,612	$ 9,893	$ 1,166	$ -
Customer Accounts										
Customer	DEPREX	DECAC	CUST04	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Customer Service										
Customer	DEPREX	DECSC	CUST05	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total		DET		$ 3,792,258	$ 1,962,967	$ 443,130	$ 662,242	$ 100,236	$ 99,884	$ 523,798

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Other Taxes										
Gas Supply Costs										
Demand	OTT	OTTGSD	DEM01	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commodity	OTT	OTTGSC	COM01	-	$ -	$ -	$ -	$ -	$ -	$ -
Total Procurement Expenses		OTTGST		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage										
Demand	OTT	OTTSD	DEM02	$ 156,435	$ 74,347	$ 24,532	$ 57,556	$ -	$ -	$ -
Commodity	OTT	OTTSC	COM02	3,587	$ 1,617	$ 551	$ 1,419	$ -	$ -	$ -
Total Storage		OTTST		$ 160,022	$ 75,964	$ 25,084	$ 58,974	$ -	$ -	$ -
Transmission										
Demand	OTT	OTTTD	TDEM	$ 595,148	$ 154,255	$ 50,724	$ 110,535	$ 23,494	$ 40,029	$ 216,111
Commodity	OTT	OTTTC	COM03	21,265	$ 1,975	$ 662	$ 2,277	$ 1,285	$ 2,338	$ 12,727
Total Transmission		OTTTT		$ 616,413	$ 156,230	$ 51,386	$ 112,812	$ 24,780	$ 42,367	$ 228,838
Distribution Expenses										
Commodity	OTT	OTTDEC	COM04	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Structures & Equipment										
Demand	OTT	OTTDSD	DEM04	$ 24,540	$ 11,127	$ 3,659	$ 7,973	$ 1,695	$ 87	$ -

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Other Taxes (Continued)										
Distribution Mains										
Demand	OTT	OTTDMD	DEM05	$ 233,840	$ 106,026	$ 34,865	$ 75,975	$ 16,149	$ 825	$ -
Customer	OTT	OTTDMC	CUST01	470,285	$ 401,290	$ 55,912	$ 12,536	$ 534	$ 13	$ -
Total Distribution Mains				704,125	$ 507,316	$ 90,777	$ 88,511	$ 16,682	$ 838	$ -
Services										
Customer	OTT	OTTSC	CUST02	$ 141,636	$ 116,653	$ 15,144	$ 9,410	$ 401	$ 29	$ -
Meters										
Customer	OTT	OTTMC	CUST03	$ 185,405	$ 124,961	$ 27,979	$ 28,505	$ 3,542	$ 417	$ -
Customer Accounts										
Customer	OTT	OTTCAC	CUST04	$ 72,738	$ 57,174	$ 7,894	$ 7,134	$ 283	$ 30	$ 224
Customer Service										
Customer	OTT	OTTCSC	CUST05	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total		OTTT		$ 1,904,879	$ 1,049,424	$ 221,923	$ 313,319	$ 47,383	$ 43,768	$ 229,062

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Interest Expense										
Gas Supply Costs										
Demand	INT	INTGSD	DEM01	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commodity	INT	INTGSC	COM01	-	$ -	$ -	$ -	$ -	$ -	$ -
Total Procurement Expenses		INTGST		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Storage										
Demand	INT	INTSD	DEM02	$ 430,076	$ 204,398	$ 67,445	$ 158,234	$ -	$ -	$ -
Commodity	INT	INTSC	COM02	-	$ -	$ -	$ -	$ -	$ -	$ -
Total Storage		INTST		$ 430,076	$ 204,398	$ 67,445	$ 158,234	$ -	$ -	$ -
Transmission										
Demand	INT	INTTD	TDEM	$ 1,328,596	$ 344,355	$ 113,235	$ 246,755	$ 52,448	$ 89,359	$ 482,442
Commodity	INT	INTTC	COM03	-	$ -	$ -	$ -	$ -	$ -	$ -
Total Transmission		INTTT		$ 1,328,596	$ 344,355	$ 113,235	$ 246,755	$ 52,448	$ 89,359	$ 482,442
Distribution Expenses										
Commodity	INT	INTDEC	COM04	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Distribution Structures & Equipment										
Demand	INT	INTDSD	DEM04	$ 54,720	$ 24,811	$ 8,159	$ 17,779	$ 3,779	$ 193	$ -

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Interest Expense (Continued)										
Distribution Mains										
Demand	INT	INTDMD	DEM05	$ 511,391	$ 231,871	$ 76,247	$ 166,152	$ 35,316	$ 1,805	$ -
Customer	INT	INTDMC	CUST01	1,028,480	$ 877,593	$ 122,275	$ 27,416	$ 1,167	$ 28	$ -
Total Distribution Mains				1,539,871	$ 1,109,464	$ 198,522	$ 193,568	$ 36,483	$ 1,833	$ -
Services										
Customer	INT	INTSC	CUST02	$ 315,825	$ 260,115	$ 33,769	$ 20,982	$ 893	$ 65	$ -
Meters										
Customer	INT	INTMC	CUST03	$ 406,513	$ 273,985	$ 61,346	$ 62,499	$ 7,767	$ 915	$ -
Customer Accounts										
Customer	INT	INTCAC	CUST04	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Customer Service										
Customer	INT	INTCSC	CUST05	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total		INTT		$ 4,075,601	$ 2,217,129	$ 482,477	$ 699,817	$ 101,370	$ 92,366	$ 482,442

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Net Operating Income -- Adjusted Test Period										
Operating Revenues										
Sales and Transportation		REVUC	R01	27,769,025	12,622,626	3,598,374	6,338,627	1,484,067	309,428	3,415,904
Collection Fees		COLFEE	COLL	177,360	157,980	1,641	17,740	-	-	-
Reconnect Revenue		RCTREV	RCNCT	111,420	92,100	1,680	17,640	-	-	-
Bad Check Revenue		BDCH	BDCK	13,800	11,895	225	1,680	-	-	-
Total Operating Revenues -- Per Books		TOR		28,071,605	12,884,600	3,601,920	6,375,687	1,484,067	309,428	3,415,904
Pro-Forma Adjustments to Revenues										
Temperature normalization		REVADJ1		(63,111)	(57,963)	(13,206)	8,004	53	-	-
Total Revenue Adjustments				(63,111)	(57,963)	(13,206)	8,004	53	-	-
Total Adjusted Revenue				28,008,494	12,826,638	3,588,714	6,383,691	1,484,120	309,428	3,415,904
Expenses										
Operation and Maintenance Expenses				13,324,781	7,366,173	1,560,971	2,345,094	319,144	278,504	1,454,896
Depreciation and Amortization Expenses				3,792,258	1,962,967	443,130	662,242	100,236	99,884	523,798
Other Taxes				1,904,879	1,049,424	221,923	313,319	47,383	43,768	229,062
Total Operating Expenses		TOE		19,021,918	10,378,564	2,226,024	3,320,655	466,763	422,156	2,207,756

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Net Operating Income -- Adjusted Test Period (Cont.)										
Pro-Forma Adjustments to Expenses										
Labor Adjustment		EXADJ1	LBTT	$ (41,046)	$ (23,266)	$ (4,604)	$ (6,069)	$ (1,021)	$ (973)	$ (5,113)
Eliminate Advedrtising Expenses		EXADJ2	OTTT	(1,438)	$ (792)	$ (168)	$ (237)	$ (36)	$ (33)	$ (173)
Lobbying Expense		EXADJ3	OTTT	(19,194)	$ (10,574)	$ (2,236)	$ (3,157)	$ (477)	$ (441)	$ (2,308)
Community Relations		EXADJ4	OTTT	(26,450)	$ (14,572)	$ (3,081)	$ (4,351)	$ (658)	$ (608)	$ (3,181)
Marketing		EXADJ5	OMTT	(1,944)	$ (1,075)	$ (228)	$ (342)	$ (47)	$ (41)	$ (212)
Rate Case Expenses		EXADJ6	OMTT	(10,948)	$ (6,052)	$ (1,283)	$ (1,927)	$ (262)	$ (229)	$ (1,195)
Depreciation Expenses		EXADJ7	DET	1,311,714	$ 678,976	$ 153,275	$ 229,064	$ 34,671	$ 34,549	$ 181,178
Bad Debt Expenses		EXADJ7	BDCK	330,993	$ 285,303	$ 5,395	$ 40,295	$ -	$ -	$ -
Conservation		EXADJ8	REVUC	(600)	$ (273)	$ (78)	$ (137)	$ (32)	$ (7)	$ (74)
Property Tax		EXADJ9	OTTT	67,835	$ 37,371	$ 7,903	$ 11,158	$ 1,687	$ 1,559	$ 8,157
		EXADJ10	INTT	-	$ -	$ -	$ -	$ -	$ -	$ -
. Total Expense Adjustments		ADJTOT		$ 1,608,922	$ 945,046	$ 154,896	$ 264,298	$ 33,825	$ 33,777	$ 177,079
Net Income Before Income Taxes				$ 7,377,653	$ 1,503,027	$ 1,207,794	$ 2,798,738	$ 983,531	$ (146,505)	$ 1,031,069
Income Taxes			TXINC	$ 2,081,177	$ (565,631)	$ 472,454	$ 1,393,200	$ 592,741	$ (164,901)	$ 353,314
Net Operating Income (Adjusted)		TOM		$ 5,296,476	$ 2,068,658	$ 735,340	$ 1,405,538	$ 390,791	$ 18,395	$ 677,755
Net Cost Rate Base				$ 110,521,375	$ 60,049,315	$ 13,335,545	$ 20,085,056	$ 2,590,607	$ 2,325,751	$ 12,135,101
Rate of Return -- Actual				4.79%	3.44%	5.51%	7.00%	15.08%	0.79%	5.59%

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Net Operating Income -- Adjusted For Increase										
Test Year Operating Income				$ 5,296,476	$ 2,068,658	$ 735,340	$ 1,405,538	$ 390,791	$ 18,395	$ 677,755
Proposed Increase				$ 5,315,428	$ 3,541,111	611,533	$ 909,754	$ -	$ -	$ 253,030
Increase To Misc Revenue			RCNCT	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Increase		CLSINC		$ 5,315,428	$ 3,541,111	$ 611,533	$ 909,754	$ -	$ -	$ 253,030
Incremental Income Taxes (@39.4445)			CLSINC	1,036,917	$ 690,789	$ 119,296	$ 177,472	$ -	$ -	$ 49,360
Net Operating Income Adjusted for Increase				9,574,987	4,918,980	1,227,577	2,137,820	390,791	18,395	881,425
Net Cost Rate Base				$ 110,521,375	$ 60,049,315	$ 13,335,545	$ 20,085,056	$ 2,590,607	$ 2,325,751	$ 12,135,101
Rate of Return -- Proposed				8.66%	8.19%	9.21%	10.64%	15.08%	0.79%	7.26%

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Allocation Factors			$	3,118,094						
				3079555 $	38,539					
Commodity										
Procurement Expenses		COM01		17,782,734	1,651,781	553,791	1,904,373	1,074,852	1,955,008	10,642,929
					0.092887	0.031142	0.107091			
Storage (Dec thru March)		COM02		2,511,065	1,131,817	386,045	993,203	-	-	-
Transmission		COM03		17,782,734	1,651,781	553,791	1,904,373	1,074,852	1,955,008	10,642,929
Distribution		COM04		5,243,952	1,651,781	553,791	1,904,373	1,074,852	59,155	-
				-	-	-	-	-	-	-
Demand									5,356.19	
Procurement Expenses		DEM01		80,256	20,813	6,844	14,914	3,170	5,356	29,159
Storage		DEM02		1.0000	0.4753	0.1568	0.3679	-	-	-
					0.4753	0.1568	0.3679			
Transmission		DEM03		80,256	20,813	6,844	14,914	3,170	5,356	29,159
Distribution Structures		DEM04		45,903	20,813	6,844	14,914	3,170	162	-
Distribution Mains		DEM05		45,903	20,813	6,844	14,914	3,170	162	-
Customer										
Distribution Mains (Year-end Customers)		CUST01		36,126	30,826	4,295	963	41	1	-
Services		CUST02		28,599,210	23,554,455	3,057,954	1,899,989	80,893	5,919	-
Meters		CUST03		18,253,935	12,302,965	2,754,684	2,806,440	348,746	41,100	-
Customer Count (Average)				35,915	30,680	4,236	957	38	4	-
Customer Accounts		CUST04		39,032	30,680	4,236	3,828	152	16	120
Customer Service		CUST05		35,915	30,680	4,236	957	38	4	-
Forfeited Discounts		REVFD		2,641,717	2,168,773	432,108	9,080	2,703	18,740	9,961

DELTA NATURAL GAS COMPANY

Cost of Service Study
12 Months Ended December 31, 2009

Class Allocation

Description	Ref	Name	Allocation Vector	Total System	Residential	Small Non-Res	Large Non-Res	Interruptible	Special	Off Sys Trans
Customer Related Unit Cost										
Rate Base				$ 45,545,274	$ 36,717,752	$ 5,653,335	$ 2,891,820	$ 255,640	$ 26,259	$ 469
Rate of Return				8.66%	8.66%	8.66%	8.66%	8.66%	8.66%	8.66%
Return				$ 3,945,802	$ 3,181,032	$ 489,775	$ 250,532	$ 22,147	$ 2,275	$ 41
Income Taxes				$ 858,186	$ (345,915)	$ 200,335	$ 200,699	$ 58,630	$ (1,867)	$ 14
Operation and Maintenance Expenses				6,108,069	4,896,981	740,705	430,692	32,559	3,365	3,767
Depreciation Expenses				1,540,659	1,214,624	196,863	116,472	11,462	1,237	-
Other Taxes				870,064	700,077	106,930	57,584	4,760	490	224
Expense Adjustment (Classified Pro-Rata on the basis of Operating Expenses)				721,347	620,373	72,702	48,166	3,545	410	322
Total Customer-Related Revenue Requirement				$ 14,044,127	$ 10,267,172	$ 1,807,309	$ 1,104,146	$ 133,103	$ 5,910	$ 4,366
Less: Misc Service Revenues				(48,506)	(59,258)	(758)	(2,901)	-	-	-
Net Revenue Requirement				$ 13,995,621	$ 10,207,915	$ 1,806,551	$ 1,101,246	$ 133,103	$ 5,910	$ 4,366
Customer-Months				35,915	30,680	4,236	957	38	4	-
Customer-Related Unit Cost ($/Cust/Mo)				32.474	27.727	35.540	95.894	291.893	123.130	

Seelye Exhibit 7

Class Cost of Service Study

Storage Allocation Factor

DELTA NATURAL GAS COMPANY

Summary of Allocation of Underground Storage Investment

Calculation of Maximum Class Demands **On February 10th Design Day Assuming 68 Degree Days** **For Determination of Demand Allocation Factors**	**Total**	**Residential**	**Small Non Residential GS**	**Large Non Residential GS**
Non-Temp Sensitive Load (per Day)	4,151	821	316	3,014
Temp Sensitive Load (per Degree Day)	565	294	96	175
Calculated Daily Requirements at -3 Degrees	42,571	20,813	6,844	14,914
Percentage of Total		48.89%	16.08%	35.03%

Allocation of Underground Storage

	Storage Withdrawals	**Residential**	**Small Non Residential GS**	**Large Non Residential GS**
Total Allocated Withdrawals Thru February 9th				
December	459,864	208,862	69,286	181,716
January	497,654	229,031	75,860	192,763
Feb. 1-9	154,734	70,673	23,429	60,632
Total	1,112,252	508,566	168,575	435,111
Balance of Working Gas Allocated on the Basis of -3 Degree Feb. 10 Design Day	1,469,337	718,359	236,269	514,709
Total Working Gas	2,581,589	1,226,925	404,844	949,820
Total Allocation Factor For Underground Storage	1.000000	0.475260	0.156820	0.367921

DELTA NATURAL GAS COMPANY
Allocation of Underground Storage Investment

(November)

	Residential	Small Non Res GS	Large Non Res GS	Total
Non-Temperature Sensitive Load (per Day)	821	316	3,014	4,151
Temperature Sensitive Load (per Degree Day)	294	96	175	565

		Requirements					Storage Allocation		
Date	Heating Degree Days	Residential	Small Non Res GS	Large Non Res GS	Total	Storage Withdrawals (Injections)	Res	Small Non Res GS	Large Non Res GS
1	14	4,937	1,660	5,464	12,061	0	0	0	0
2	14	4,937	1,660	5,464	12,061	0	0	0	0
3	14	4,937	1,660	5,464	12,061	0	0	0	0
4	14	4,937	1,660	5,464	12,061	0	0	0	0
5	15	5,231	1,756	5,639	12,626	0	0	0	0
6	15	5,231	1,756	5,639	12,626	0	0	0	0
7	15	5,231	1,756	5,639	12,626	0	0	0	0
8	15	5,231	1,756	5,639	12,626	0	0	0	0
9	16	5,525	1,852	5,814	13,191	0	0	0	0
10	16	5,525	1,852	5,814	13,191	0	0	0	0
11	17	5,819	1,948	5,989	13,756	0	0	0	0
12	17	5,819	1,948	5,989	13,756	0	0	0	0
13	18	6,113	2,044	6,164	14,321	0	0	0	0
14	18	6,113	2,044	6,164	14,321	0	0	0	0
15	19	6,407	2,140	6,339	14,886	0	0	0	0
16	19	6,407	2,140	6,339	14,886	0	0	0	0
17	20	6,701	2,236	6,514	15,451	0	0	0	0
18	20	6,701	2,236	6,514	15,451	0	0	0	0
19	20	6,701	2,236	6,514	15,451	0	0	0	0
20	21	6,995	2,332	6,689	16,016	0	0	0	0
21	21	6,995	2,332	6,689	16,016	0	0	0	0
22	21	6,995	2,332	6,689	16,016	0	0	0	0
23	22	7,289	2,428	6,864	16,581	0	0	0	0
24	22	7,289	2,428	6,864	16,581	0	0	0	0
25	22	7,289	2,428	6,864	16,581	0	0	0	0
26	22	7,289	2,428	6,864	16,581	0	0	0	0
27	23	7,583	2,524	7,039	17,146	0	0	0	0
28	23	7,583	2,524	7,039	17,146	0	0	0	0
29	24	7,877	2,620	7,214	17,711	0	0	0	0
30	24	7,877	2,620	7,214	17,711	0	0	0	0
Total	561	189,564	63,336	188,595	441,495	0	0	0	0

DELTA NATURAL GAS COMPANY
Allocation of Underground Storage Investment

(December)

	Residential	Small Non Res GS	Large Non Res GS	Total
Non-Temperature Sensitive Load (per Day)	821	316	3,014	4,151
Temperature Sensitive Load (per Degree Day)	294	96	175	565

Date	Heating Degree Days	Requirements: Residential	Requirements: Small Non Res GS	Requirements: Large Non Res GS	Requirements: Total	Storage Withdrawals (Injections)	Storage Allocation: Residential	Storage Allocation: Small Non Res GS	Storage Allocation: Large Non Res GS
1	25	8,171	2,716	7,389	18,276	13,649	6,102	2,028	5,518
2	25	8,171	2,716	7,389	18,276	12,537	5,605	1,863	5,069
3	26	8,465	2,812	7,564	18,841	12,556	5,641	1,874	5,041
4	26	8,465	2,812	7,564	18,841	13,466	6,050	2,010	5,406
5	26	8,465	2,812	7,564	18,841	13,859	6,227	2,068	5,564
6	26	8,465	2,812	7,564	18,841	13,994	6,287	2,089	5,618
7	26	8,465	2,812	7,564	18,841	14,387	6,464	2,147	5,776
8	26	8,465	2,812	7,564	18,841	14,388	6,464	2,147	5,776
9	27	8,759	2,908	7,739	19,406	14,390	6,495	2,156	5,739
10	27	8,759	2,908	7,739	19,406	14,391	6,495	2,157	5,739
11	27	8,759	2,908	7,739	19,406	13,950	6,296	2,090	5,563
12	28	9,053	3,004	7,914	19,971	14,342	6,501	2,157	5,683
13	28	9,053	3,004	7,914	19,971	14,343	6,502	2,157	5,684
14	28	9,053	3,004	7,914	19,971	14,735	6,679	2,216	5,839
15	29	9,347	3,100	8,089	20,536	14,735	6,706	2,224	5,804
16	29	9,347	3,100	8,089	20,536	14,753	6,715	2,227	5,811
17	29	9,347	3,100	8,089	20,536	14,753	6,715	2,227	5,811
18	29	9,347	3,100	8,089	20,536	15,144	6,893	2,286	5,965
19	30	9,641	3,196	8,264	21,101	15,144	6,919	2,294	5,931
20	30	9,641	3,196	8,264	21,101	15,535	7,098	2,353	6,084
21	30	9,641	3,196	8,264	21,101	15,483	7,074	2,345	6,064
22	30	9,641	3,196	8,264	21,101	15,483	7,074	2,345	6,064
23	30	9,641	3,196	8,264	21,101	15,874	7,253	2,404	6,217
24	30	9,641	3,196	8,264	21,101	15,874	7,253	2,404	6,217
25	30	9,641	3,196	8,264	21,101	15,874	7,253	2,404	6,217
26	30	9,641	3,196	8,264	21,101	16,007	7,314	2,424	6,269
27	31	9,935	3,292	8,439	21,666	16,007	7,340	2,432	6,235
28	31	9,935	3,292	8,439	21,666	16,007	7,340	2,432	6,235
29	31	9,935	3,292	8,439	21,666	16,069	7,369	2,442	6,259
30	31	9,935	3,292	8,439	21,666	16,069	7,369	2,442	6,259
31	31	9,935	3,292	8,439	21,666	16,069	7,369	2,442	6,259
Total	882	284,759	94,468	247,784	627,011	459,867	208,862	69,286	181,716

DELTA NATURAL GAS COMPANY

Allocation of Underground Storage Investment

(January)

	Residential	Small Non Res GS	Large Non Res GS	Total
Non-Temperature Sensitive Load (per Day)	821	316	3,014	4,151
Temperature Sensitive Load (per Degree Day)	294	96	175	565

		Requirements					Storage Allocation		
Date	Heating Degree Days	Residential	Small Non Res GS	Large Non Res GS	Total	Storage Withdrawals (Injections)	Residential	Small Non Res GS	Large Non Res GS
1	31	9,935	3,292	8,439	21,666	15,613	7,159	2,372	6,081
2	31	9,935	3,292	8,439	21,666	15,586	7,147	2,368	6,071
3	31	9,935	3,292	8,439	21,666	15,602	7,154	2,371	6,077
4	31	9,935	3,292	8,439	21,666	15,596	7,152	2,370	6,075
5	32	10,229	3,388	8,614	22,231	15,602	7,179	2,378	6,046
6	32	10,229	3,388	8,614	22,231	15,728	7,237	2,397	6,094
7	32	10,229	3,388	8,614	22,231	15,727	7,236	2,397	6,094
8	32	10,229	3,388	8,614	22,231	15,734	7,240	2,398	6,097
9	32	10,229	3,388	8,614	22,231	15,731	7,238	2,397	6,095
10	32	10,229	3,388	8,614	22,231	15,722	7,234	2,396	6,092
11	32	10,229	3,388	8,614	22,231	15,745	7,245	2,400	6,101
12	33	10,523	3,484	8,789	22,796	15,720	7,257	2,403	6,061
13	33	10,523	3,484	8,789	22,796	15,712	7,253	2,401	6,058
14	33	10,523	3,484	8,789	22,796	15,681	7,239	2,397	6,046
15	34	10,817	3,580	8,964	23,361	15,720	7,279	2,409	6,032
16	34	10,817	3,580	8,964	23,361	16,115	7,462	2,470	6,184
17	34	10,817	3,580	8,964	23,361	16,107	7,458	2,468	6,181
18	33	10,523	3,484	8,789	22,796	16,109	7,436	2,462	6,211
19	33	10,523	3,484	8,789	22,796	16,133	7,447	2,466	6,220
20	33	10,523	3,484	8,789	22,796	16,112	7,438	2,463	6,212
21	32	10,229	3,388	8,614	22,231	15,992	7,358	2,437	6,197
22	32	10,229	3,388	8,614	22,231	15,999	7,362	2,438	6,199
23	32	10,229	3,388	8,614	22,231	16,000	7,362	2,438	6,200
24	32	10,229	3,388	8,614	22,231	16,390	7,541	2,498	6,351
25	32	10,229	3,388	8,614	22,231	16,390	7,541	2,498	6,351
26	32	10,229	3,388	8,614	22,231	16,523	7,602	2,518	6,402
27	31	9,935	3,292	8,439	21,666	16,912	7,755	2,570	6,587
28	31	9,935	3,292	8,439	21,666	16,912	7,755	2,570	6,587
29	31	9,935	3,292	8,439	21,666	16,912	7,755	2,570	6,587
30	31	9,935	3,292	8,439	21,666	16,912	7,755	2,570	6,587
31	31	9,935	3,292	8,439	21,666	16,912	7,755	2,570	6,587
Total	995	317,981	105,316	267,559	690,856	497,654	229,031	75,860	192,763

DELTA NATURAL GAS COMPANY
Allocation of Underground Storage Investment

(February)

	Residential	Small Non Res GS	Large Non Res GS	Total
Non-Temperature Sensitive Load (per Day)	821	316	3,014	4,151
Temperature Sensitive Load (per Degree Day)	294	96	175	565

		Requirements					Storage Allocation		
Date	Heating Degree Days	Residential	Small Non Res GS	Large Non Res GS	Total	Storage Withdrawals (Injections)	Residential	Small Non Res GS	Large Non Res GS
1	31	9,935	3,292	8,439	21,666	16,348	7,497	2,484	6,368
2	30	9,641	3,196	8,264	21,101	16,321	7,457	2,472	6,392
3	30	9,641	3,196	8,264	21,101	15,952	7,288	2,416	6,247
4	30	9,641	3,196	8,264	21,101	15,560	7,109	2,357	6,094
5	30	9,641	3,196	8,264	21,101	15,180	6,936	2,299	5,945
6	30	9,641	3,196	8,264	21,101	15,306	6,993	2,318	5,994
7	30	9,641	3,196	8,264	21,101	15,305	6,993	2,318	5,994
8	30	9,641	3,196	8,264	21,101	14,926	6,820	2,261	5,846
9	29	9,347	3,100	8,089	20,536	14,923	6,792	2,253	5,878
10	29	9,347	3,100	8,089	20,536	14,914	6,788	2,251	5,874
Total	299	96,116	31,864	82,465	210,445	154,734	70,673	23,429	60,632

Seelye Exhibit 8

Class Cost of Service Study

Zero Intercept Analysis

Delta Natural Gas Company, Inc.

Zero Intercept Analysis
Account 376 -- Distribution Mains

December 31, 2009

Weighted Linear Regression Statistics

		Estimate	Standard Error
Size Coefficient ($ per Foot)		1.0559793	0.5323013
Zero Intercept ($ per Foot)		5.6479737	1.5668682
R-Square		0.9474806	

Plant Classification

Total Number of Units		7,802,022
Zero Intercept		5.6479737
Zero Intercept Cost	$	44,065,615
Total Cost of Sample	$	65,974,747
Percentage of Total		0.667916396
Percentage Classified as Customer-Related		$\boxed{66.79\%}$
Percentage Classified as Demand-Related		$\boxed{33.21\%}$

Delta Natural Gas Company, Inc.

Zero Intercept Analysis
Account 376 -- Distribution Mains

December 31, 2009

Description	Pipe Size		Net Cost of Plant	Quantity (Feet)	Unit Cost ($ per Foot)
Distribution Main Pipe, Under 2" Plastic	1.500	$	4,526,325	511,979	8.84084
Distribution Main Pipe, 2" Plastic	2.000	$	35,810,174	4,656,267	7.69075
Distribution Main Pipe, 3" Plastic	3.000	$	233,177	89,043	2.61870
Distribution Main Pipe, 4" Plastic	4.000	$	17,279,740	1,425,318	12.12343
Distribution Main Pipe, 6" Plastic	6.000	$	925,501	59,768	15.48489
Distribution Main Pipe, Under 2" Steel	1.500	$	212,739	78,268	2.71808
Distribution Main Pipe, 2" Steel	2.000	$	685,650	287,587	2.38415
Distribution Main Pipe, 3" Steel	3.000	$	110,787	52,022	2.12962
Distribution Main Pipe, 4" Steel	4.000	$	3,093,182	274,404	11.27236
Distribution Main Pipe, 6" Steel	6.000	$	2,194,153	272,503	8.05185
Distribution Main Pipe, 8" Steel	8.000	$	903,319	94,863	9.52235
Total		$	65,974,747.00	7,802,022	

Seelye Exhibit 9

Temperature Normalization
Adjustment

Delta Natural Gas Company, Inc.
Natural Gas Temperature Normalization Adjustment
For the 12 months Ended December 31, 2009

Consumption Not Billed under the Weather Normalization Clause

	Cycle Billing Basis	Calendar Basis
Normal Heating Degree Days	4,603	4,623
Actual Heating Degree Days	4,592	4,636
Normal over (under) Actual	11	(13)

	Cycle Billing Basis	Calendar Basis
Normal Heating Degree Days (7 Non-WNA Months)	795	998
Actual Heating Degree Days (7 Non-WNA Months)	863	997
Normal over (under) Actual	(68)	1

	(1) Total Mcf	(2) Non-Temp Mcf	(3) Non-Temp Mcf Full Year (Column (1) x 6)	(4) Temperature Sensitive Mcf (Column (1) - (3))	(5) Actual Degree Days	(6) Mcf per Degree Days (Column (4) x (5))	(7) Normal Degree Days	(8) Departure From Normal (Column (7) - (5))	(9) Normal Temperature Adjustment (Column (6) x (8))	(10) Net Revenue Per Mcf Sold	(11) Net Revenue Adjustment (Column (9) x (10))
Residential *	351,111	49,875	174,562	176,549	863	205	795	(68)	(13,940)	$ 4.1580	$ (57,962.52)
Small Non-Residential General Service *	107,163	18,794	65,780	41,384	863	48	795	(68)	(3,264)	$ 4.1580	$ (13,571.71)
Large Non-Residential GS - Commercial	754,173	43,619	261,715	492,458	4,592	107	4,603	11	1,177	$ 4.1580	$ 4,893.97
Large Non-Residential GS - Industrial	81,222	3,131	18,783	62,439	4,592	14	4,603	11	154	$ 4.1580	$ 640.33
Interruptible Service - Commercial	2,210	-	-	2,210	4,592	0	4,603	11	-	$ 1.6000	$ -
Interruptible Service - Industrial	25,265	1,724	10,342	14,923	4,592	3	4,603	11	33	$ 1.6000	$ 52.80
Small Non Residential General Service -Transportation	37,952	369	2,216	35,736	4,592	8	4,603	11	88	$ 4.1580	$ 365.90
Large Non Residential General Service -Transportation	1,068,708	136,561	819,365	249,343	4,592	54	4,603	11	594	$ 4.1580	$ 2,469.85
Residential - Transportation	1,261	15	89	1,172	4,592	0	4,603	11	-	$ 4.1580	$ -
	2,429,066	254,087	1,352,852	1,076,214					(15,158)		$ (63,111.38)

* For the seven months May to November only

Seelye Exhibit 10

Year-End Customer
Adjustment

Not Proposed

Delta Natural G ompany, Inc.

Adjustment of Gas Rev. .o reflect Year-end Customers
Over Average Number of Customers in Test Period
12 Months Ended December 31, 2009

	Average Number of Customers	Customers Served at 12/31/09	Year-End Over (Under) Average (Col. 2 - 1)	Customer Charge	Additional Customer Charge Revenue (Col. 3 x 4)	Weather Normalized Mcf	Average Mcf per Customer (COL. 6 / 1)	Year -End Mcf Adjustment (COL. 7 x 3)	Net Revenue per Mcf Commodity	Additional Revenue Commodity (COL. 8 x 9)	Year-End Revenue Adjustment (COL. 5 + 10)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Residential	30,660	30,826	166	$ 15.30	$ 2,539.80	1,857,139	60.6	10,055	$ 4.1580	$ 41,808.69	$ 44,348.49
Small Non-Residential GS	4,233	4,295	62	$ 25.00	$ 1,550.00	605,173	143.0	8,864	$ 4.1580	$ 36,856.51	$ 38,406.51
Large Non-Residential GS - Retail	955	963	8	$ 100.00	$ 800.00	2,253,407	2,359.6	18,877		$ 49,188.08	$ 49,988.08
First 200 Mcf						772,185		6,466	$ 4.1580	$ 26,885.63	
Next 800 Mcf						431,115		3,612	$ 2.5091	$ 9,062.87	
Next 4,000 Mcf						607,467		5,089	$ 1.7130	$ 8,717.46	
Next 5,000 Mcf						235,080		1,970	$ 1.3130	$ 2,586.61	
Over 10,000 Mcf						207,560		1,739	$ 1.1130	$ 1,935.51	
Interruptible	43	41	(2)	$ 250.00	$ (500.00)	1,254,621	29,177.2	(58,354)		$ (70,531.00)	$ (71,031.00)
						326,478		(15,185)	$ 1.6000	$ (24,296.00)	
						657,056		(30,561)	$ 1.2000	$ (36,673.20)	
						214,604		(9,982)	$ 0.8000	$ (7,985.60)	
						56,483		(2,627)	$ 0.6000	$ (1,576.20)	
On System Transportation Special	4	4	-		$ -	2,801,367	700,341.8	-	$ -	$ -	$ -
	35,895	36,129	234		$ 4,389.80	8,771,707		(20,558)		$ 57,322.28	$ 61,712.08

Expenses at an Operating Ratio of -	0.3191	19,690
ADJUSTMENT TO NET OPERATING INCOME BEFORE TAXES		$ 42,022

CALCULATION OF GAS OPERATING RATIO

TOTAL GAS OPERATING EXPENSES	51,967,303
LESS GAS SUPPLY EXPENSES	32,945,385
LESS WAGES AND SALARIES	6,907,866
LESS PENSIONS AND BENEFITS	2,989,151
LESS REGULATORY COMMISSION EXPENSE	189,509
NET EXPENSES	8,935,392
TOTAL GAS OPERATIONS REVENUES (AS BILLED)	60,950,552
LESS GSC REVENUE	32,945,718
NET REVENUE	28,004,834
OPERATING RATIO	0.3191

Seelye Exhibit 11

Depreciation Study

Delta Natural Gas Company, Inc.
Depreciation Study
December 31, 2009

Overview

The purpose of performing a depreciation study is to insure that the depreciation expenses recorded by the utility and included in the cost of service represent a reasonably accurate and systematic measurement of the annual accrual levels necessary to distribute plant costs, less salvage and removal, over the estimated useful life of the assets.

In performing this study, data was compiled showing plant additions, retirements and transfers going back as far as the 1940s. For certain plant accounts, such as distribution mains (Account 376), meters (Account 381), and house regulators (Account 383), data was available going back well into the 1940s. Many other accounts were not utilized until the 1950s, 1960s or later.

Where sufficient data was available, the average service lives ("ASLs") were determined by identifying the survivor curve and associated ASL that best fit the pattern of retirements from the historical data provided by Delta Natural Gas Company, Inc. ("Delta"). In general, the survivor curves and ASLs were identified that produced the lowest sum of square deviations between the actual balances and simulated balances.[1] The simulated balances were determined by applying various survivor curves to the plant additions and transfers for each plant account for which data was available and then computing the resultant plant balances. The sum of square deviations were calculated based on the difference between the computed plant balances and actual plant balances. In selecting a survivor curve and ASL, several goodness-of-fit statistics were examined: (1) sum of squared deviations ("SSD"), (2) conformance index ("CI"), (3) index of variation ("IV"), and (4) retirement experience index ("REI").[2]

Where sufficient data was not available, the ASLs and depreciation accrual rates of neighboring utilities and judgment were used as a guide in developing the proposed depreciation rates.

The survivor curves utilized in this study correspond to the "Iowa" curves that were developed under the direction of Robley Winfrey at Iowa State University, as described in various bulletins and publications.[3] These curves are still widely used within the industry.

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[1] A detailed description of the simulated plant record ("SPR") method is included in *Public Utility Depreciation Practices*, August 1996, published by the National Association of Regulatory Commissioners ("NARUC").
[2] Ibid., at pp. 92-97.
[3] See Winfrey, Robley, *Depreciation of Group Properties*, Bulletin 155 (Iowa State University, Engineering Research Institute, reprinted 1969); Winfrey, Robley, *Statistical Analyses of Industrial Property Retirements*, Bulletin 125 (Iowa State University, Engineering Research Institute, revised 1967); Winfrey, Robley, *Condition – Percent Tables for Depreciation of Unit and Group Properties*, Bulletin 156 (Iowa State University, Engineering Research Institute, reprinted 1970); Marston, Anson, Winfrey, Robley, and Hepstead, Jean C., *Engineering Valuation and Depreciation* (Iowa State University Press, 1963).

The depreciation accrual rates were calculated using the average service life depreciation procedure, the straight-line method, and the remaining life basis. Using this approach, the remaining life annual accrual for each category of plant was determined by dividing the original cost less book reserve by the average remaining life determined based on the selected survivor curve. The average remaining life is a weighted average derived from the estimated future survivor curve based on the age of the actual plant additions. The annual depreciation amount is determined by dividing the net plant balance to be recovered by the estimated remaining life. The depreciation accrual rate is then calculated by dividing the annual depreciation amount by the plant balance for the account.

A table showing the current and proposed depreciation accrual rates is included in Appendix A. The Summary of Results included in Appendix B shows the plant balances, the survivor curve, ASL, estimated salvage percentage, net salvage amount, depreciation reserve per books, balance to be recovered, estimated remaining life, annual depreciation amount and base accrual rate for those plant accounts for which sufficient data were available to estimate ASLs and survivor curves. For those accounts for which sufficient data was not available, only the base accrual rates are shown. Historical data and the average remaining life calculations based on the selected survivor curves are included in Appendix C. The results of the study are described below.

<u>**Distribution Plant**</u>

Account 375 – Distribution Structures and Improvements

Delta's records indicated plant additions dating back to 1951. The current depreciation accrual rate for this account is 2.67%. The survivor curve that best fit the data was the L3 curve with an ASL of 35 years. Using these parameters, the average remaining life is calculated to be 15.5 years. There has been no salvage experienced for this account and none is anticipated. Based on a plant balance of $112,359, the recommended accrual rate is 2.67%, which is identical to the current rate. The recommended accrual rate is reasonable compared with other gas distribution utilities in the region.

Account 376 – Distribution Mains

This is the account with the largest amount of assets. Delta's records indicated plant additions dating back to 1940. While no single curve maximized all four of the statistics examined (SSD, CI, IV and REI), the R2 curve with an ASL of 34 years provided solid results for all four metrics. Using an R2 curve with an ASL of 34 years, the average remaining life is calculated to be 20.3 years. There has been no salvage experienced for this account and none is anticipated. Based on a plant balance of $65,974,747, the calculated accrual rate is 3.11%, which is higher than the current rate of 1.41%. Although the higher rate could be supported from the data, it is recommended that Delta increase the rate only to 2.22%. This recommendation is based on judgment and is reasonable compared with other gas distribution utilities in the region.

Account 378 – Measuring and Regulator Station Equipment - Distribution

Delta's records indicated plant additions dating back to 1940. The current depreciation accrual rate for this account is 3.28%. While no single curve maximized all four of the statistics examined (SSD, CI, IV and REI), the L0 curve with an ASL of 30 years provided solid results for all four metrics. Using an L0 curve with an ASL of 30 years, the average remaining life is calculated to be 22.2 years. The salvage rate is expected to be –10% for this account due to removal cost. Based on a plant balance of $1,396,756, the recommended accrual rate is 3.98%, which is slightly higher than the current rate. The recommended accrual rate is reasonable compared with other gas distribution utilities in the region.

Account 379 – Measuring and Regulator Station Equipment – City Gate

Delta's records indicated plant additions dating back to 1950. The current depreciation accrual rate for this account is 3.01%. An R1 curve was chosen for this plant account because it had good statistical results and is a common curve used for this account in the industry. Using an R1 curve with an ASL of 40 years, the average remaining life is calculated to be 26.7 years. The salvage rate is expected to be –10% for this account due to removal cost. Based on a plant balance of $500,033, the recommended accrual rate is 2.80%, which is slightly lower than the current rate. The recommended accrual rate is reasonable compared with other gas distribution utilities in the region.

Account 380 – Services – Distribution

Because distribution services were recorded as distribution mains (Account 376) for a number of years, there was not sufficient data to develop survivor curves based on Delta's plant additions and retirements for distribution services. Delta is currently using a depreciation accrual rate of 1.41% for Account 380. The plant balance is $13,562,075. The recommended accrual rate for this account is 3.07%. This is reasonable compared with other gas distribution utilities in the region.

Account 381 – Meters

Delta's records indicated plant additions dating back to 1940. The current depreciation accrual rate for this account is 2.28%. While no single curve maximized all four of the statistics examined (SSD, CI, IV and REI), the S4 curve with an ASL of 36 years provided excellent results for all four metrics. Using an S4 curve with an ASL of 36 years, the average remaining life is calculated to be 21.4 years. No salvage is anticipated in the future for this account. Based on a plant balance of $9,302,928 the recommended accrual rate is 3.14%, which is higher than the current rate. The recommended accrual rate is reasonable compared with other gas distribution utilities in the region.

Account 382 – Meters & Regulator Installations

Delta's records indicated plant additions dating back to 1940. The current depreciation accrual rate for this account is 2.33%. An S1 curve was chosen for this plant account because it had sound statistical results. Using an S1 curve with an ASL of 32 years, the average remaining life is calculated to be 18.2 years. The salvage rate is expected to be -45% for this account due to removal cost. Based on a plant balance of $3,186,037, the calculated accrual rate is 5.08%, which is higher than the current rate. The recommended accrual rate is reasonable compared with other gas distribution utilities in the region.

Account 383 – House Regulators

Delta's records indicated plant additions dating back to 1940. The current depreciation accrual rate for this account is 3.80%. The S0 curve with an ASL of 30 years was chosen because it produced sound statistical results and maximized all four of the statistics examined (SSD, CI, IV and REI). Using an S0 curve with an ASL of 30 years, the average remaining life is calculated to be 20.0 years. Salvage is anticipated to be 5%. Based on a plant balance of $3,478,550, the recommended accrual rate is 3.88%, which is slightly higher than the current rate. The recommended accrual rate is reasonable compared with other gas distribution utilities in the region.

Account 385 – Industrial Measuring and Regulator Station Equipment - Distribution

Delta's records indicated plant additions dating back to 1956. The current depreciation accrual rate for this account is 2.31%. While no single curve maximized all four of the statistics examined (SSD, CI, IV and REI), the L0 curve with an ASL of 40 years provided sound results for all four metrics. Using an L0 curve with an ASL of 40 years, the average remaining life is calculated to be 31.6 years. Salvage is anticipated to be -10% due to removal cost. Based on a plant balance of $1,567,108, the recommended accrual rate is 2.57%, which is slightly higher than the current rate. The recommended accrual rate is reasonable compared with other gas distribution utilities in the region.

<u>Gathering and Transmission Plant</u>

Account 305 – Structures and Improvements – Manufactured Gas Plant

There is currently no plant balance for this account. The depreciation rate for this account was 2.20%. If additional investment were made in this account, we would recommend using Delta's existing rate of 2.20%.

Account 325 – Gathering Land & Rights

Delta's records indicated plant additions dating back to 1959. The plant balance is $79,004. The current depreciation accrual rate for this account is 3.00%. The curve fitting statistics were poor for all survivor curve types. Based on judgment, we are not proposing to modify the existing accrual rate of 3.00%.

Account 327 – Compressor Station Structures

There was not sufficient historical data to develop survivor curves based on Delta's plant additions and retirements for this account. Delta is currently using a depreciation accrual rate of 3.00% for Account 327. We are recommending that Delta maintain its current accrual rate of 3.00%. The plant balance is $45,721.

Account 331 – Producing Gas Wells – Well Equipment

Delta's records indicated plant additions dating back to 1969. The plant balance is $7,795. However, the plant in this account is fully depreciated. If additional investment were made in this account, we would recommend using Delta's existing rate of 4.00%.

Account 332 – Gathering Lines

The retirement data for this account produce curves with poor statistical results. Delta is currently using a depreciation accrual rate of 2.25% for Account 332, which has a balance of $1,915,975. We are recommending that Delta maintain its current accrual rate of 2.25%.

Account 333 – Gathering Compressor Stations

Delta's records indicated plant additions dating back only to 1986. The plant balance is $749,211. The current depreciation accrual rate for this account is 4.00%. The curve fitting statistics were poor for all survivor curve types. We are recommending that Delta maintain its current accrual rate of 4.00%.

Account 334 – Gathering Lines

The retirement data for this account produce curves with poor statistical results. Delta is currently using a depreciation accrual rate of 4.00% for Account 334, which has a balance of $147,297. We are recommending that Delta maintain its current accrual rate of 2.72%.

Account 365.3 – Land Rights

Delta's records indicated plant additions dating back to 1958. The current depreciation accrual rate for this account is 2.50%. Based on a plant balance of $163,626, we recommend that Delta maintain the accrual rate of 2.50%.

Account 366 – Structures and Improvements - Transmission

Delta's records indicated plant additions dating back to 1951. The plant balance is $244,453. The current depreciation accrual rate for this account is 2.00%. There has been no salvage experienced for this account and none is anticipated. While no single curve maximized all four of the statistics examined (SSD, CI, IV and REI), the R1 curve with an ASL of 38 years provided excellent results for all four metrics. Using an R1 curve with an ASL of 38 years, the average remaining life is calculated to be 28.3 years. We recommend an accrual rate of 2.49%, which is higher than the existing rate.

Account 367 – Mains - Transmission

Delta's records indicated plant additions dating back to 1951. The current depreciation accrual rate for this account is 2.24%. While no single curve maximized all four of the statistics examined (SSD, CI, IV and REI), the L0 curve with an ASL of 35 years provided excellent results for all four metrics. Using an L0 curve with an ASL of 35 years, the average remaining life is calculated to be 26.6 years. No salvage is anticipated for this account. Based on a plant balance of $42,014,896, the recommended accrual rate is 2.52%, which is slightly higher than the current rate.

Account 368 – Compressor Station Equipment - Transmission

Delta's records indicated plant additions dating back to 1961. The plant balance is $7,498,154. The current depreciation accrual rate for this account is 2.00%. Delta made significant additions to plant since 2006 -- more than tripling the balance of plant since that time. While no single curve maximized all four of the statistics examined (SSD, CI, IV and REI), the L2 curve with an ASL of 32 years provided excellent results for all four metrics. Using an L2 curve with an ASL of 32 years, the average remaining life is calculated to be 25.1 years, we are recommending that Delta increase its accrual rate to 3.43%.

Account 369 – Measuring and Regulator Station Equipment - Transmission

Delta's records indicated plant additions dating back to 1951. The current depreciation accrual rate for this account is 2.22%. While no single curve maximized all four of the statistics examined (SSD, CI, IV and REI), the L0 curve with an ASL of 26 years provided excellent results for all four metrics. Using an L0 curve with an ASL of 26 years, the average remaining life is calculated to be 21.0 years. Salvage is expected to be –10% due to removal cost. Based on a plant balance of $3,380,321, the recommended accrual rate is 4.30%, which is higher than the current rate.

Account 371 – Other Equipment - Transmission

Delta's records indicated plant additions dating back to 1959. The plant balance is $445,043. The current depreciation accrual rate for this account is 2.00%. The curve fitting statistics were poor for all survivor curve types. Based on judgment and a comparison of depreciation accrual rates of other utilities in the region, we are proposing that Delta maintain its accrual rate of 2.00%.

Storage Plant

Account 351 -- Storage Structures and Improvements

There was not sufficient historical data to develop survivor curves based on Delta's plant additions and retirements for its storage investment. Delta is currently using a depreciation accrual rate of 2.20% for Account 351. Continuing the accrual rate of 2.20% is recommended based on an expected remaining life of 29.0 years. The plant balance is $292,484. The recommended accrual rate is consistent with other utilities in the region.

Account 352 -- Storage Wells

There was not sufficient historical data to develop survivor curves based on Delta's plant additions and retirements for its storage investment. Delta is currently using a depreciation accrual rate of 2.19% for Account 352. Maintaining an accrual rate of 2.19% is recommended based on an expected remaining life of approximately 29.0 years. The plant balance is $2,876,146. The recommended accrual rate is consistent with other utilities in the region.

Account 352.1 -- Storage Rights

There was not sufficient historical data to develop survivor curves based on Delta's plant additions and retirements for its storage investment. Delta is currently using a depreciation accrual rate of 1.85% for Account 352.1. Maintaining an accrual rate of 1.85% is recommended based on an expected remaining life of approximately 29.0 years. The plant balance is $860,396. The recommended accrual rate is consistent with other utilities in the region.

Account 352.2 -- Storage Reservoirs

There was not sufficient historical data to develop survivor curves based on Delta's plant additions and retirements for its storage investment. Delta is currently using a depreciation accrual rate of 1.78% for Account 352.2. Maintaining an accrual rate of 1.78% is recommended based on an expected remaining life of approximately 29.0 years. The plant balance is $1,881,731. The recommended accrual rate is consistent with other utilities in the region.

Account 352.3 -- Storage Nonrec Natural Gas

There was not sufficient historical data to develop survivor curves based on Delta's plant additions and retirements for its storage investment. Delta is currently using a depreciation accrual rate of 1.75% for Account 352.3. Maintaining an accrual rate of 1.75% is recommended based on an expected remaining life of approximately 29.0 years. The plant balance is $294,307. The recommended accrual rate is consistent with other utilities in the region.

Account 353 -- Storage Lines

There was not sufficient historical data to develop survivor curves based on Delta's plant additions and retirements for its storage investment. Delta is currently using a depreciation accrual rate of 2.05% for Account 353. Maintaining an accrual rate of 2.05% is recommended based on an expected remaining life of approximately 29.0 years. The plant balance is $5,102,436. The recommended accrual rate is consistent with other utilities in the region.

Account 354 -- Storage Compressor Lines

There was not sufficient historical data to develop survivor curves based on Delta's plant additions and retirements for its storage investment. Delta is currently using a depreciation accrual rate of 1.90% for Account 354. Maintaining an accrual rate of 1.90% is recommended based on an expected remaining life of approximately 29.0 years. The plant balance is $2,526,069. The recommended accrual rate is consistent with other utilities in the region.

Account 355 -- Storage Measuring and Regulator Equipment

There was not sufficient historical data to develop survivor curves based on Delta's plant additions and retirements for its storage investment. Delta is currently using a depreciation accrual rate of 2.41% for Account 355. Maintaining an accrual rate of 2.69% is recommended based on an expected remaining life of approximately 29.0 years. The plant balance is $379,709. The recommended accrual rate is consistent with other utilities in the region.

Account 356 – Purification Equipment

There was not sufficient historical data to develop survivor curves based on Delta's plant additions and retirements for its storage investment. Delta is currently using a depreciation accrual rate of 1.91% for Account 356. Maintaining an accrual rate of 1.91% is recommended based on an expected remaining life of approximately 23.0 years. The plant balance is $409,570. The recommended accrual rate is consistent with other utilities in the region.

Account 357 – Storage Other Equipment

There was not sufficient historical data to develop survivor curves based on Delta's plant additions and retirements for its storage investment. Delta is currently using a depreciation accrual rate of 0.53% for Account 357. Maintaining an accrual rate of 0.53% is recommended based on an expected remaining life of approximately 23.0 years. The plant balance is $47,209. The recommended accrual rate is consistent with other utilities in the region.

General Plant

Account 390 – Structures and Improvements

Delta's records indicated plant additions dating back to 1958. The current depreciation accrual rate for this account is 2.00% While no single curve maximized all four of the statistics examined (SSD, CI, IV and REI), the L0 curve with an ASL of 35 years provided solid results for all four metrics. Using an L0 curve with an ASL of 35 years, the average remaining life is calculated to be 27.0 years. The salvage rate is expected to be 40% for this account. Based on a plant balance of $5,355,492, it is recommended that Delta maintain the current accrual rate of 2.00%. The recommended accrual rate is reasonable compared with other gas distribution utilities in the region.

Account 391 – Office Furniture

The retirement data did not produce a curve with sufficient statistical results. Delta is currently using a depreciation accrual rate of 1.00% for Account 391. The plant balance is $146,777 and the salvage rate is expected to be 5% for this account. It is recommended that Delta maintain the accrual rate of 1.00%, which will remain in line with other utilities in the region.

Account 392 – Transportation Equipment

There was not a sufficient amount of retirements to develop survivor curves based on Delta's plant data. The curve fitting statistics were marginal for all survivor curve types. The existing accrual rate is 8.14% and the plant balance is $4,201,697. Salvage rate is estimated at 30%. It is recommended that Delta maintain use of 8.14% for this account. This accrual rate is in line with other utilities in the region.

Account 393 – Stores Equipment

There was not a sufficient amount of retirements to develop survivor curves based on Delta's plant data. The curve fitting statistics were marginal for all survivor curve types. The plant balance is $36,011. It is recommended that Delta maintain the current accrual rate of 2.00%, which is in line with other utilities in the region.

Account 394 – Tools and Equipment

There was not a sufficient amount of retirements to develop survivor curves based on Delta's plant data. The curve fitting statistics were poor for all survivor curve types. The plant balance is $703,034. It is recommended that Delta maintain the existing accrual rate of 4.00%, which is in line with other utilities in the region.

Account 395 – Laboratory Equipment

Delta's records indicated plant additions dating back to 1957. The current depreciation accrual rate for this account is 5.00%. The plant balance is $237,610. After reviewing the account we recommend that the depreciation rate be maintained at 5.00%, which is in line with other utilities in the region.

Account 396 – Power Operated Equipment

Delta's records indicated plant additions dating back to 1964. The current depreciation accrual rate for this account is 2.00%. The curve fitting statistics were poor for all survivor curve types. The plant balance is $3,294,567. Based on judgment and a comparison of depreciation accrual rates of other utilities in the region, it is recommended that Delta maintain the existing accrual rate of 2.00%.

Account 397 – Communication Equipment

The retirement data did not produce a curve with sufficient statistical results. Delta is currently using a depreciation accrual rate of 5.00% for Account 397. The plant balance is $386,003. It is recommended that Delta maintain the current accrual rate of 5.00%, which will remain in line with other utilities in the region.

Account 398 – Miscellaneous Equipment

There was not a sufficient amount of retirements to develop survivor curves based on Delta's plant data. The curve fitting statistics were poor for all survivor curve types. Delta is currently using a depreciation accrual rate of 2.00% for Account 398, which has a balance of $44,382. It is recommended that Delta maintain the existing accrual rate of 2.00%, which will remain in line with other utilities in the region.

Account 399.1 – Other Tangible Property – Mapping Software

The current depreciation accrual rate for this account is 4.0%. It is recommended that Delta maintain this accrual rate. The plant balance is $638,509.

Account 399.2 – Other Tangible Property – Computer Software

The current depreciation accrual rate for this account is 10.0%. Based on judgment concerning the expected rate of obsolescence for this type of property, it is recommended that Delta maintain the existing accrual rate, consistent with other utilities in the region.

Account 399.3 – Other Tangible Property – Computer Hardware

The current depreciation accrual rate for this account is 10.0%. Based on judgment concerning the expected rate of obsolescence for this type of property, it is recommended that Delta maintain the existing accrual rate, consistent with other utilities in the region.

Appendix A

Delta Natural ~~~ Company
Depreciation Study

Proposed Depreciation Rates

Account		Current Accrual Rate	Proposed Accrual Rate
		2.20%	2.20%
305	Structures & Improvements - Manufactured Gas Plant	3.00%	3.00%
325	Gathering Land & Rights	3.00%	3.00%
327	Comp Station Structures	4.00%	4.00%
331	Producing Gas Wells -- Well Equipment	2.25%	2.25%
332	Gathering Lines	4.00%	4.00%
333	Gathering Compressor Stations	2.72%	2.72%
334	Gathering Measuring and Regulator Station Equipment		
339	Gathering Asset Retirement Cost	5.00%	5.00%
350.06	Gas Rights Storage	2.20%	2.20%
351	Storage Structures and Improvements	2.19%	2.19%
352	Storage Wells	1.85%	1.85%
3521	Storage Rights	1.78%	1.78%
3522	Storage Resevoirs	1.75%	1.75%
3523	Storage Nonrec Natural Gas	2.05%	2.05%
353	Storage Lines	1.90%	1.90%
354	Storage Compressor Stations	2.41%	2.41%
355	Storage Measuring and Regulator Equipment	1.91%	1.91%
356	Purification Equipment	0.53%	0.53%
357	Storage Other Equipment		
358	Storage Asset Retirement Cost		
3651	Tansmission Land & Rights		
3652	Rights of Way	2.50%	2.50%
3653	Land Rights	2.00%	2.49%
366	Structures & Improvements - Transmission	2.24%	2.52%
367	Mains -- Transmission	2.00%	3.43%
368	Compressor Station Equipment -- Transmission	2.22%	4.30%
369	Measuring and Regulator Station Equipment -- Transmission	2.00%	2.00%
371	Other Equipment -- Transmission		
372	Transmission Asset Retirement Cost		
374	Distribution Rights of Way		
3741	Distribtuion Land	2.67%	2.67%
375	Structures and Improvements -- Distribution	1.41%	2.22%
376	Mains -- Distribution	3.28%	3.98%
378	Measuring and Regulator Station Equipment -- Distribution	3.01%	2.80%
379	Measuring and Regulator Station Equipment -- City Gate	1.41%	3.07%
380	Services -- Distribution	2.28%	3.14%
381	Meters	2.33%	5.08%
382	Meter & Regulator Installations	3.80%	3.88%
383	Houes Regulators	2.31%	2.57%
385	Industrial Measuring and Regulator Station Equipment -- Distribution		
388	Distribution Asset Retirement Cost		
389	Land and Land Rights	2.00%	2.00%
390	Structures and Improvements -- General Plant	1.00%	1.00%
391	Office Furniture and Equipment -- General Plant	8.14%	8.14%
392	Transportation Equipment	2.00%	2.00%
393	Stores Equipment	4.00%	4.00%
394	Tools & Equipment		
39401	Comp Nat Gas Stat	5.00%	5.00%
395	Laboratory Equipment	2.00%	2.00%
396	Power Operated Equipment	5.00%	5.00%
397	Communication Equipment	2.00%	2.00%
398	Miscellaneous Equipment	4.00%	4.00%
399.1	Other Tangible Property -- Mapping Costs	10.00%	10.00%
399.2	Other Tangible Property -- Computer Software	10.00%	10.00%
399031	Computerized Office Equipment	10.00%	10.00%
39903	Computer Hardware		

Appendix B

Delta Natural . Company
Depreciation Study

Proposed Depreciation Rates

Account		Plant Balance	Dispersion	ASL	Estimated Salvage %	Net Salvage Amount	Depreciation Book Reserve	Balance To Be Recovered	Estimated Life Remaining	Annual Depreciation Amount	Base Accrual Rate
											2.20%
305	Structures & Improvements - Manufactured Gas Plant	79,004			0%	-	59,275	19,729			3.00%
325	Gathering Land & Rights	45,721				-	28,429				3.00%
327	Comp Station Structures	7,795			0%	-	7,803	(8)			4.00%
331	Producing Gas Wells -- Well Equipment	1,915,975			0%	-	1,345,777	570,198	14.0	40,728	2.25%
332	Gathering Lines	749,211			0%	-	559,404	189,807			4.00%
333	Gathering Compressor Stations	147,297			0%	-	81,189	66,108	15.0	4,407	2.72%
334	Gathering Measuring and Regulator Station Equipment	10,790					10,744				
339	Gathering Asset Retirement Cost	-									5.00%
350.06	Gas Rights Storage	292,484				-	73,277	219,207	29.0	7,559	2.58%
351	Storage Structures and Improvements	2,876,146				-	214,801	2,661,345	29.0	91,771	3.19%
352	Storage Wells	860,396				-	399,900	460,496	29.0	15,879	1.85%
3521	Storage Rights	1,881,731				-	885,570	996,161	29.0	34,350	1.83%
3522	Storage Resevoirs	294,307				-	144,921	149,386	29.0	5,151	1.75%
3523	Storage Nonrec Natural Gas	5,102,436				-	2,070,537	3,031,899	29.0	104,548	2.05%
353	Storage Lines	2,526,069				-	1,088,735	1,437,334	29.0	49,563	1.96%
354	Storage Compressor Stations	379,709				-	94,900	284,809	29.0	9,821	2.59%
355	Storage Measuring and Regulator Equipment	409,570				-	108,901	300,669	23.0	13,073	3.19%
356	Purification Equipment	47,209				-	41,680	5,529	23.0	240	0.51%
357	Storage Other Equipment	11,721					3,723	7,998			
358	Storage Asset Retirement Cost	140,670					-				
3651	Tansmission Land & Rights	1,215,558			0%	-	-	1,215,558			
3652	Rights of Way	163,626					163,626				2.50%
3653	Land Rights	244,453	R1	38	0%	-	85,517	158,936	28.3	5,616	2.30%
366	Structures & Improvements - Transmission	42,014,896	L0	35	0%	-	15,753,075	26,261,821	26.6	987,287	2.35%
367	Mains -- Transmission	7,498,154	L2	32	0%	-	1,368,920	6,129,234	25.1	244,193	3.26%
368	Compressor Station Equipment -- Transmission	3,380,321	L0	26	-10%	(338,032.10)	873,324	2,506,997	21.0	119,381	3.53%
369	Measuring and Regulator Station Equipment -- Transmission	445,043			0%	-	302,674	142,369	14.6	9,751	2.19%
371	Other Equipment -- Transmission	34,920					9,914				
372	Transmission Asset Retirement Cost	264,478					-				
374	Distribution Rights of Way	63,206					-				
3741	Distribtuion Land	112,359	L3	35	0%	-	71,613	40,746	15.5	2,629	2.34%
375	Structures and Improvements -- Distribution	65,974,747	R2	34	0%	-	24,354,420	41,620,327	20.3	2,050,262	3.11%
376	Mains -- Distribution	1,396,756	L0	30	-10%	(139,675.60)	409,896	986,860	22.2	44,453	3.18%
378	Measuring and Regulator Station Equipment -- Distribution	500,033	R1	40	-10%	(50,003.30)	210,374	289,659	26.7	10,849	2.17%
379	Measuring and Regulator Station Equipment -- City Gate	13,562,075					2,295,296	11,266,779			3.11%
380	Services -- Distribution	9,302,928	S4	36	0%	-	3,525,902	5,777,026	21.4	269,954	2.90%
381	Meters	3,186,037	S1	32	-45%	(1,433,716.65)	865,590	2,320,447	18.2	127,497	4.00%
382	Meter & Regulator Installations	3,478,550	S0	30	5%	173,927.50	1,487,565	1,990,985	20.0	99,549	4.13%
383	Houes Regulators	1,567,108	L0	40	-10%	(156,710.80)	502,983	1,064,125	31.6	33,675	2.15%
385	Industrial Measuring and Regulator Station Equipment -- Distribution	80,914					110,027				
388	Distribution Asset Retirement Cost	999,354									
389	Land and Land Rights	5,355,492	L0	35	40%	2,142,196.80	1,989,928	1,223,367	27.0	45,310	2.00%
390	Structures and Improvements -- General Plant	146,777			5%	7,338.85	89,551	49,887			1.00%
391	Office Furniture and Equipment -- General Plant	4,201,697			30%	1,260,509.10	1,888,016	1,053,172			8.14%
392	Transportation Equipment	36,011			0%	-	29,459	6,552			2.00%
393	Stores Equipment	703,034			5%	35,151.70	244,894	422,988			4.00%
394	Tools & Equipment	283,352					283,352				
39401	Comp Nat Gas Stat	237,610			0%	-	165,850	71,760			5.00%
395	Laboratory Equipment	3,294,567			40%	1,317,826.80	1,614,109	362,631			2.00%
396	Power Operated Equipment	386,003			5%	19,300.15	237,639	129,064			5.00%
397	Communication Equipment	44,382			5%	2,219.10	36,590	5,573			2.00%
398	Miscellaneous Equipment	638,509			0%	-	638,509	-			4.00%
399.1	Other Tangible Property -- Mapping Costs	3,720,474			0%	-	2,677,161	1,043,313			10.00%
399.2	Other Tangible Property -- Computer Software	226,689					161,049				10.00%
399031	Computerized Office Equipment	968,541					767,947	200,594			10.00%
39903	Computer Hardware										

Appendix C

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
366 -- Structures and Improvements

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	-	0	38	R1	-	-	2.30	-	-
1941	-	0	38	R1	-	-	2.60	-	-
1942	-	0	38	R1	-	-	2.90	-	-
1943	-	0	38	R1	-	-	3.19	-	-
1944	-	0	38	R1	-	-	3.49	-	-
1945	-	0	38	R1	-	-	3.79	-	-
1946	-	0	38	R1	-	-	4.09	-	-
1947	-	0	38	R1	-	-	4.39	-	-
1948	-	0	38	R1	-	-	4.71	-	-
1949	-	0	38	R1	-	-	5.02	-	-
1950	-	0	38	R1	-	-	5.35	-	-
1951	200	0	38	R1	5	-	5.67	-	30
1952	-	0	38	R1	-	-	6.01	-	-
1953	-	0	38	R1	-	-	6.35	-	-
1954	-	0	38	R1	-	-	6.70	-	-
1955	-	0	38	R1	-	-	7.05	-	-
1956	2,153	0	38	R1	57	-	7.41	-	420
1957	-	0	38	R1	-	-	7.78	-	-
1958	92	0	38	R1	2	-	8.16	-	20
1959	2,000	0	38	R1	53	-	8.54	-	449
1960	339	0	38	R1	9	-	8.93	-	80
1961	250	0	38	R1	7	-	9.32	-	61
1962	604	0	38	R1	16	-	9.73	-	155
1963	-	0	38	R1	-	-	10.14	-	-
1964	707	0	38	R1	19	-	10.56	-	196
1965	395	0	38	R1	10	-	10.98	-	114
1966	1,926	0	38	R1	51	-	11.42	-	579
1967	472	0	38	R1	12	-	11.86	-	147
1968	-	0	38	R1	-	-	12.31	-	-
1969	-	0	38	R1	-	-	12.77	-	-
1970	-	0	38	R1	-	-	13.24	-	-
1971	-	0	38	R1	-	-	13.72	-	-
1972	-	0	38	R1	-	-	14.20	-	-
1973	446	0	38	R1	12	-	14.70	-	172
1974	844	0	38	R1	22	-	15.20	-	338
1975	4,930	0	38	R1	130	-	15.71	-	2,039
1976	-	0	38	R1	-	-	16.24	-	-
1977	(805)	0	38	R1	(21)	-	16.77	-	(355)
1978	-	0	38	R1	-	-	17.31	-	-
1979	-	0	38	R1	-	-	17.86	-	-

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
366 -- Structures and Improvements

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1980	-	0	38	R1	-	-	18.42	-	-
1981	-	0	38	R1	-	-	18.99	-	-
1982	-	0	38	R1	-	-	19.56	-	-
1983	-	0	38	R1	-	-	20.15	-	-
1984	20,275	0	38	R1	534	-	20.74	-	11,067
1985	3,682	0	38	R1	97	-	21.35	-	2,068
1986	22,873	0	38	R1	602	-	21.96	-	13,217
1987	6,415	0	38	R1	169	-	22.58	-	3,811
1988	44,102	0	38	R1	1,161	-	23.20	-	26,930
1989	6,213	0	38	R1	164	-	23.84	-	3,898
1990	3,904	0	38	R1	103	-	24.48	-	2,515
1991	-	0	38	R1	-	-	25.13	-	-
1992	1,378	0	38	R1	36	-	25.78	-	935
1993	11,471	0	38	R1	302	-	26.44	-	7,982
1994	1,938	0	38	R1	51	-	27.11	-	1,382
1995	-	0	38	R1	-	-	27.78	-	-
1996	-	0	38	R1	-	-	28.45	-	-
1997	6,959	0	38	R1	183	-	29.13	-	5,335
1998	-	0	38	R1	-	-	29.81	-	-
1999	-	0	38	R1	-	-	30.50	-	-
2000	14,791	0	38	R1	389	-	31.19	-	12,141
2001	11,358	0	38	R1	299	-	31.89	-	9,531
2002	-	0	38	R1	-	-	32.59	-	-
2003	-	0	38	R1	-	-	33.29	-	-
2004	4,838	0	38	R1	127	-	34.00	-	4,329
2005	-	0	38	R1	-	-	34.72	-	-
2006	29,306	0	38	R1	771	-	35.44	-	27,328
2007	17,950	0	38	R1	472	-	36.16	-	17,082
2008	2,968	0	38	R1	78	-	36.89	-	2,882
2009	42,476	0	38	R1	1,118	-	37.63	-	42,063
	267,451	-			7,038	-	28.27		198,940
					Average Remaining Life				28.3

Survivor Curve	R1
ASL	38

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
367 -- Transmission Mains

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	-	0	35	L0	-	-	11.87	-	-
1941	-	0	35	L0	-	-	12.06	-	-
1942	-	0	35	L0	-	-	12.26	-	-
1943	-	0	35	L0	-	-	12.46	-	-
1944	-	0	35	L0	-	-	12.66	-	-
1945	-	0	35	L0	-	-	12.86	-	-
1946	-	0	35	L0	-	-	13.06	-	-
1947	-	0	35	L0	-	-	13.27	-	-
1948	-	0	35	L0	-	-	13.48	-	-
1949	-	0	35	L0	-	-	13.69	-	-
1950	-	0	35	L0	-	-	13.91	-	-
1951	61,761	0	35	L0	1,765	-	14.13	-	24,929
1952	-	0	35	L0	-	-	14.35	-	-
1953	-	0	35	L0	-	-	14.57	-	-
1954	8,944	0	35	L0	256	-	14.80	-	3,781
1955	95,433	0	35	L0	2,727	-	15.02	-	40,965
1956	153,043	0	35	L0	4,373	-	15.25	-	66,704
1957	2,766	0	35	L0	79	-	15.49	-	1,224
1958	40,731	0	35	L0	1,164	-	15.73	-	18,300
1959	209,986	0	35	L0	6,000	-	15.97	-	95,784
1960	443,547	0	35	L0	12,673	-	16.21	-	205,398
1961	-	0	35	L0	-	-	16.45	-	-
1962	11,049	0	35	L0	316	-	16.70	-	5,273
1963	5,069	0	35	L0	145	-	16.95	-	2,456
1964	43,691	0	35	L0	1,248	-	17.21	-	21,484
1965	401,158	0	35	L0	11,462	-	17.47	-	200,222
1966	185,675	0	35	L0	5,305	-	17.73	-	94,063
1967	42,318	0	35	L0	1,209	-	18.00	-	21,759
1968	570,758	0	35	L0	16,307	-	18.27	-	297,864
1969	10,242	0	35	L0	293	-	18.54	-	5,425
1970	30,291	0	35	L0	865	-	18.81	-	16,283
1971	390,160	0	35	L0	11,147	-	19.09	-	212,857
1972	220,046	0	35	L0	6,287	-	19.38	-	121,834
1973	20,159	0	35	L0	576	-	19.67	-	11,327
1974	155,219	0	35	L0	4,435	-	19.96	-	88,511
1975	1,038,377	0	35	L0	29,668	-	20.25	-	600,890
1976	667,139	0	35	L0	19,061	-	20.55	-	391,777
1977	32,582	0	35	L0	931	-	20.86	-	19,417
1978	351,269	0	35	L0	10,036	-	21.17	-	212,429
1979	157,163	0	35	L0	4,490	-	21.48	-	96,448

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
367 -- Transmission Mains

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1980	637,037	0	35	L0	18,201	-	21.80	-	396,709
1981	94,865	0	35	L0	2,710	-	22.12	-	59,948
1982	67,797	0	35	L0	1,937	-	22.44	-	43,475
1983	100,369	0	35	L0	2,868	-	22.77	-	65,311
1984	124,371	0	35	L0	3,553	-	23.11	-	82,122
1985	920,732	0	35	L0	26,307	-	23.45	-	616,917
1986	656,696	0	35	L0	18,763	-	23.80	-	446,488
1987	419,996	0	35	L0	12,000	-	24.15	-	289,763
1988	407,419	0	35	L0	11,641	-	24.50	-	285,226
1989	1,403,591	171586	35	L0	40,103	4,902	24.86	-	997,103
1990	409,629	0	35	L0	11,704	-	25.23	-	295,285
1991	475,208	114998	35	L0	13,577	3,286	25.60	-	347,605
1992	770,645	0	35	L0	22,018	-	25.98	-	572,018
1993	1,311,531	0	35	L0	37,472	-	26.36	-	987,845
1994	1,842,857	172928	35	L0	52,653	4,941	26.75	-	1,408,558
1995	2,576,777	0	35	L0	73,622	-	27.15	-	1,998,799
1996	2,206,080	0	35	L0	63,031	-	27.56	-	1,736,906
1997	983,281	0	35	L0	28,094	-	27.97	-	785,897
1998	1,073,527	0	35	L0	30,672	-	28.40	-	871,202
1999	664,955	4126412	35	L0	18,999	117,897	28.85	22.44	3,194,111
2000	1,951,563	0	35	L0	55,759	-	29.30	-	1,633,968
2001	710,776	0	35	L0	20,308	-	29.78	-	604,735
2002	3,267,444	0	35	L0	93,356	-	30.27	-	2,825,968
2003	4,131,461	0	35	L0	118,042	-	30.78	-	3,633,861
2004	1,777,954	0	35	L0	50,799	-	31.32	-	1,591,106
2005	767,710	0	35	L0	21,935	-	31.89	-	699,417
2006	3,695,479	0	35	L0	105,585	-	32.48	-	3,429,786
2007	23,029	0	35	L0	658	-	33.12	-	21,792
2008	422,077	0	35	L0	12,059	-	33.81	-	407,704
2009	584,129	0	35	L0	16,689	-	34.57	-	576,954
	39,827,561	4,585,924			1,137,930	131,026	29.69		33,783,981

Average Remaining Life 26.6

Survivor Curve L0
ASL 35

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
368 -- Compressor Station Equipment

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	-	0	32	L2	-	-	3.90	-	-
1941	-	0	32	L2	-	-	4.09	-	-
1942	-	0	32	L2	-	-	4.29	-	-
1943	-	0	32	L2	-	-	4.48	-	-
1944	-	0	32	L2	-	-	4.67	-	-
1945	-	0	32	L2	-	-	4.87	-	-
1946	-	0	32	L2	-	-	5.07	-	-
1947	-	0	32	L2	-	-	5.27	-	-
1948	-	0	32	L2	-	-	5.48	-	-
1949	-	0	32	L2	-	-	5.68	-	-
1950	-	0	32	L2	-	-	5.89	-	-
1951	-	0	32	L2	-	-	6.11	-	-
1952	-	0	32	L2	-	-	6.32	-	-
1953	-	0	32	L2	-	-	6.54	-	-
1954	-	0	32	L2	-	-	6.76	-	-
1955	-	0	32	L2	-	-	6.98	-	-
1956	-	0	32	L2	-	-	7.21	-	-
1957	-	0	32	L2	-	-	7.44	-	-
1958	-	0	32	L2	-	-	7.67	-	-
1959	-	0	32	L2	-	-	7.91	-	-
1960	-	0	32	L2	-	-	8.14	-	-
1961	794	0	32	L2	25	-	8.39	-	208
1962	11,090	0	32	L2	347	-	8.63	-	2,991
1963	89,639	0	32	L2	2,801	-	8.88	-	24,868
1964	2,757	0	32	L2	86	-	9.13	-	786
1965	76,220	0	32	L2	2,382	-	9.38	-	22,334
1966	1,010	0	32	L2	32	-	9.63	-	304
1967	1,745	0	32	L2	55	-	9.88	-	539
1968	-	0	32	L2	-	-	10.13	-	-
1969	3,869	0	32	L2	121	-	10.38	-	1,255
1970	480	0	32	L2	15	-	10.63	-	160
1971	23,086	0	32	L2	721	-	10.88	-	7,851
1972	309	0	32	L2	10	-	11.13	-	107
1973	-	0	32	L2	-	-	11.38	-	-
1974	958	0	32	L2	30	-	11.62	-	348
1975	57,007	0	32	L2	1,781	-	11.86	-	21,126
1976	43,971	0	32	L2	1,374	-	12.10	-	16,625
1977	-	0	32	L2	-	-	12.34	-	-

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
368 -- Compressor Station Equipment

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1978	600	0	32	L2	19	-	12.58	-	236
1979	14,111	0	32	L2	441	-	12.82	-	5,653
1980	12,740	0	32	L2	398	-	13.07	-	5,202
1981	1,020	0	32	L2	32	-	13.32	-	424
1982	640	0	32	L2	20	-	13.58	-	272
1983	-	0	32	L2	-	-	13.85	-	-
1984	483,934	0	32	L2	15,123	-	14.13	-	213,748
1985	77,490	0	32	L2	2,422	-	14.44	-	34,960
1986	397,226	0	32	L2	12,413	-	14.76	-	183,230
1987	42,436	0	32	L2	1,326	-	15.11	-	20,037
1988	-	0	32	L2	-	-	15.49	-	-
1989	11,796	0	32	L2	369	-	15.89	-	5,859
1990	-	0	32	L2	-	-	16.34	-	-
1991	190,334	0	32	L2	5,948	-	16.82	-	100,056
1992	12,181	0	32	L2	381	-	17.35	-	6,604
1993	(2)	0	32	L2	(0)	-	17.92	-	(1)
1994	8,004	0	32	L2	250	-	18.54	-	4,636
1995	-	0	32	L2	-	-	19.20	-	-
1996	-	0	32	L2	-	-	19.91	-	-
1997	-	0	32	L2	-	-	20.66	-	-
1998	8,440	0	32	L2	264	-	21.44	-	5,656
1999	-	519600	32	L2	-	16,238	22.26	-	-
2000	26,345	0	32	L2	823	-	23.09	-	19,013
2001	-	0	32	L2	-	-	23.95	-	-
2002	6,075	0	32	L2	190	-	24.83	-	4,713
2003	443,449	0	32	L2	13,858	-	25.73	-	356,510
2004	17,735	0	32	L2	554	-	26.65	-	14,767
2005	-	0	32	L2	-	-	27.58	-	-
2006	827,361	0	32	L2	25,855	-	28.54	-	737,954
2007	2,407,136	0	32	L2	75,223	-	29.52	-	2,220,298
2008	242,933	0	32	L2	7,592	-	30.50	-	231,573
2009	2,475,742	0	32	L2	77,367	-	31.50	-	2,437,070
	8,020,661	519,600			250,646	16,238	26.76		6,707,974

Average Remaining Life 25.1

Survivor Curve L2
ASL 32

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
369 -- Measuring Regulating Station Equipment

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	-	0	26	L0	-	-	5.78	-	-
1941	-	0	26	L0	-	-	5.93	-	-
1942	-	0	26	L0	-	-	6.08	-	-
1943	-	0	26	L0	-	-	6.24	-	-
1944	-	0	26	L0	-	-	6.39	-	-
1945	-	0	26	L0	-	-	6.55	-	-
1946	-	0	26	L0	-	-	6.71	-	-
1947	-	0	26	L0	-	-	6.88	-	-
1948	-	0	26	L0	-	-	7.04	-	-
1949	-	0	26	L0	-	-	7.21	-	-
1950	-	0	26	L0	-	-	7.38	-	-
1951	604	0	26	L0	23	-	7.56	-	176
1952	-	0	26	L0	-	-	7.73	-	-
1953	-	0	26	L0	-	-	7.91	-	-
1954	-	0	26	L0	-	-	8.09	-	-
1955	2,821	0	26	L0	109	-	8.28	-	898
1956	3,317	0	26	L0	128	-	8.46	-	1,080
1957	1,730	0	26	L0	67	-	8.65	-	576
1958	4,222	0	26	L0	162	-	8.84	-	1,436
1959	11,640	0	26	L0	448	-	9.04	-	4,046
1960	36,436	0	26	L0	1,401	-	9.24	-	12,943
1961	2,350	0	26	L0	90	-	9.44	-	853
1962	143	0	26	L0	6	-	9.64	-	53
1963	1,590	0	26	L0	61	-	9.85	-	602
1964	2,469	0	26	L0	95	-	10.06	-	955
1965	11,196	0	26	L0	431	-	10.27	-	4,423
1966	12,600	0	26	L0	485	-	10.49	-	5,083
1967	6,054	0	26	L0	233	-	10.71	-	2,493
1968	5,943	0	26	L0	229	-	10.93	-	2,499
1969	18,946	0	26	L0	729	-	11.16	-	8,132
1970	4,457	0	26	L0	171	-	11.39	-	1,953
1971	22,690	0	26	L0	873	-	11.63	-	10,146
1972	1,848	0	26	L0	71	-	11.87	-	843
1973	11,003	0	26	L0	423	-	12.11	-	5,124
1974	21,450	0	26	L0	825	-	12.36	-	10,194
1975	68,977	0	26	L0	2,653	-	12.61	-	33,449
1976	25,972	0	26	L0	999	-	12.86	-	12,850
1977	5,860	0	26	L0	225	-	13.12	-	2,958
1978	2,125	0	26	L0	82	-	13.39	-	1,094

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
369 -- Measuring Regulating Station Equipment

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1979	11,949	0	26	L0	460	-	13.66	-	6,278
1980	4,539	0	26	L0	175	-	13.93	-	2,433
1981	2,096	0	26	L0	81	-	14.21	-	1,146
1982	2,119	0	26	L0	82	-	14.50	-	1,182
1983	11,231	0	26	L0	432	-	14.79	-	6,389
1984	93,670	0	26	L0	3,603	-	15.09	-	54,350
1985	40,669	0	26	L0	1,564	-	15.39	-	24,068
1986	4,156	0	26	L0	160	-	15.69	-	2,509
1987	1,551	0	26	L0	60	-	16.01	-	955
1988	14,728	0	26	L0	566	-	16.33	-	9,248
1989	65,410	23055	26	L0	2,516	887	16.65	-	41,889
1990	40,717	0	26	L0	1,566	-	16.98	-	26,594
1991	39,795	0	26	L0	1,531	-	17.32	-	26,509
1992	43,190	0	26	L0	1,661	-	17.66	-	29,342
1993	44,138	0	26	L0	1,698	-	18.02	-	30,583
1994	37,008	0	26	L0	1,423	-	18.37	-	26,152
1995	11,055	0	26	L0	425	-	18.74	-	7,967
1996	19,636	0	26	L0	755	-	19.11	-	14,433
1997	138,952	0	26	L0	5,344	-	19.49	-	104,165
1998	198,341	0	26	L0	7,629	-	19.88	-	151,650
1999	363,028	163168	26	L0	13,963	6,276	20.28	-	283,146
2000	185,729	0	26	L0	7,143	-	20.69	-	147,808
2001	84,508	0	26	L0	3,250	-	21.12	-	68,645
2002	184,938	0	26	L0	7,113	-	21.57	-	153,397
2003	78,872	0	26	L0	3,034	-	22.03	-	66,837
2004	146,005	0	26	L0	5,616	-	22.52	-	126,484
2005	249,689	0	26	L0	9,603	-	23.04	-	221,296
2006	219,987	0	26	L0	8,461	-	23.60	-	199,656
2007	409,207	0	39	L0	10,492.49	-	37.10	-	389,227
2008	103,098	0	39	L0	2,644	-	37.80	-	99,915
2009	207,408	0	39	L0	5,318	-	38.57	-	205,108
	3,343,861	186,223			119,383	7,162	22.23		2,654,219
					Average Remaining Life				21

Survivor Curve	L0
ASL	26

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
375 -- Distribution Structures and Improvements

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	-	0	35	L3	-	-	2.77	-	-
1941	-	0	35	L3	-	-	2.97	-	-
1942	-	0	35	L3	-	-	3.17	-	-
1943	-	0	35	L3	-	-	3.37	-	-
1944	-	0	35	L3	-	-	3.58	-	-
1945	-	0	35	L3	-	-	3.79	-	-
1946	-	0	35	L3	-	-	4.01	-	-
1947	-	0	35	L3	-	-	4.22	-	-
1948	-	0	35	L3	-	-	4.44	-	-
1949	-	0	35	L3	-	-	4.67	-	-
1950	-	0	35	L3	-	-	4.89	-	-
1951	400	0	35	L3	11	-	5.12	-	59
1952	-	0	35	L3	-	-	5.36	-	-
1953	-	0	35	L3	-	-	5.59	-	-
1954	-	0	35	L3	-	-	5.83	-	-
1955	1,480	0	35	L3	42	-	6.08	-	257
1956	3,602	0	35	L3	103	-	6.33	-	651
1957	814	0	35	L3	23	-	6.58	-	153
1958	199	0	35	L3	6	-	6.83	-	39
1959	500	0	35	L3	14	-	7.09	-	101
1960	488	0	35	L3	14	-	7.35	-	102
1961	1,719	0	35	L3	49	-	7.61	-	374
1962	-	0	35	L3	-	-	7.87	-	-
1963	-	0	35	L3	-	-	8.13	-	-
1964	264	0	35	L3	8	-	8.38	-	63
1965	-	0	35	L3	-	-	8.63	-	-
1966	4,386	0	35	L3	125	-	8.87	-	1,112
1967	2,857	0	35	L3	82	-	9.11	-	743
1968	798	0	35	L3	23	-	9.33	-	213
1969	64	0	35	L3	2	-	9.54	-	17
1970	19,796	0	35	L3	566	-	9.74	-	5,506
1971	1,439	0	35	L3	41	-	9.92	-	408

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
375 -- Distribution Structures and Improvements

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1972	366	0	35	L3	10	-	10.10	-	106
1973	-	0	35	L3	-	-	10.27	-	-
1974	298	0	35	L3	9	-	10.43	-	89
1975	414	0	35	L3	12	-	10.60	-	125
1976	4,664	0	35	L3	133	-	10.77	-	1,436
1977	16,625	0	35	L3	475	-	10.96	-	5,206
1978	-	0	35	L3	-	-	11.17	-	-
1979	2,354	0	35	L3	67	-	11.40	-	767
1980	572	0	35	L3	16	-	11.67	-	191
1981	1,270	0	35	L3	36	-	11.97	-	434
1982	-	0	35	L3	-	-	12.31	-	-
1983	734	0	35	L3	21	-	12.70	-	266
1984	-	0	35	L3	-	-	13.14	-	-
1985	9,863	0	35	L3	282	-	13.63	-	3,841
1986	6,484	0	35	L3	185	-	14.17	-	2,625
1987	-	0	35	L3	-	-	14.77	-	-
1988	5,063	0	35	L3	145	-	15.41	-	2,229
1989	2,806	0	35	L3	80	-	16.10	-	1,291
1990	779	0	35	L3	22	-	16.84	-	375
1991	-	0	35	L3	-	-	17.61	-	-
1992	7,442	0	35	L3	213	-	18.42	-	3,916
1993	3,144	0	35	L3	90	-	19.25	-	1,729
1994	-	0	35	L3	-	-	20.11	-	-
1995	12,893	0	35	L3	368	-	20.98	-	7,729
1996	3,942	0	35	L3	113	-	21.88	-	2,464
1997	4,101	0	35	L3	117	-	22.78	-	2,670
1998	2,265	0	35	L3	65	-	23.71	-	1,534
1999	3,538	0	35	L3	101	-	24.65	-	2,491
2000	-	0	35	L3	-	-	25.60	-	-
2001	5,172	0	35	L3	148	-	26.56	-	3,925
2002	2,756	0	35	L3	79	-	27.53	-	2,168
2003	2,624	0	35	L3	75	-	28.52	-	2,138
2004	2,883	0	35	L3	82	-	29.51	-	2,430

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
375 -- Distribution Structures and Improvements

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
2005	1,850	0	35	L3	53	-	30.50	-	1,612
2006	-	0	35	L3	-	-	31.50	-	-
2007	-	0	35	L3	-	-	32.50	-	-
2008	-	0	35	L3	-	-	33.50	-	-
2009	-	0	35	L3	-	-	34.50	-	-
	143,708	-			4,106	-	15.49		63,586
					Average Remaining Life				15.49

Survivor Curve	L3
ASL	35

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
376 -- Distribution Mains

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	58,962	0	34	R2	1,734	-	-	-	-
1941	-	0	34	R2	-	-	-	-	-
1942	-	0	34	R2	-	-	-	-	-
1943	-	0	34	R2	-	-	-	-	-
1944	-	0	34	R2	-	-	-	-	-
1945	-	0	34	R2	-	-	-	-	-
1946	-	0	34	R2	-	-	0.50	-	-
1947	75,766	0	34	R2	2,228	-	0.50	-	1,114
1948	67,865	0	34	R2	1,996	-	0.56	-	1,126
1949	62,008	0	34	R2	1,824	-	0.77	-	1,400
1950	29,854	0	34	R2	878	-	1.01	-	883
1951	36,626	0	34	R2	1,077	-	1.26	-	1,357
1952	18,609	0	34	R2	547	-	1.52	-	834
1953	12,981	0	34	R2	382	-	1.80	-	686
1954	47,353	0	34	R2	1,393	-	2.07	-	2,889
1955	148,499	0	34	R2	4,368	-	2.36	-	10,292
1956	143,937	0	34	R2	4,233	-	2.64	-	11,184
1957	39,727	0	34	R2	1,168	-	2.93	-	3,422
1958	34,326	0	34	R2	1,010	-	3.22	-	3,248
1959	106,509	0	34	R2	3,133	-	3.51	-	10,986
1960	69,660	0	34	R2	2,049	-	3.80	-	7,781
1961	110,606	0	34	R2	3,253	-	4.09	-	13,308
1962	71,538	0	34	R2	2,104	-	4.39	-	9,231
1963	86,884	0	34	R2	2,555	-	4.69	-	11,980
1964	89,514	0	34	R2	2,633	-	5.00	-	13,152
1965	123,728	0	34	R2	3,639	-	5.31	-	19,325
1966	135,264	0	34	R2	3,978	-	5.63	-	22,418
1967	317,430	0	34	R2	9,336	-	5.97	-	55,741
1968	182,038	0	34	R2	5,354	-	6.32	-	33,827
1969	582,335	0	34	R2	17,128	-	6.68	-	114,398
1970	1,455,571	0	34	R2	42,811	-	7.05	-	302,022
1971	1,074,050	0	34	R2	31,590	-	7.45	-	235,207
1972	324,850	0	34	R2	9,554	-	7.85	-	75,027
1973	448,840	0	34	R2	13,201	-	8.28	-	109,254
1974	294,232	0	34	R2	8,654	-	8.72	-	75,432
1975	409,344	0	34	R2	12,040	-	9.17	-	110,455
1976	201,118	0	34	R2	5,915	-	9.65	-	57,080
1977	215,318	0	34	R2	6,333	-	10.14	-	64,231
1978	316,671	0	34	R2	9,314	-	10.65	-	99,220

Delta Natural ᴗas Company
Depreciation Study
As of June 30, 2002
376 -- Distribution Mains

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1979	723,822	0	34	R2	21,289	-	11.18	-	238,028
1980	646,465	0	34	R2	19,014	-	11.73	-	222,956
1981	1,960,024	0	34	R2	57,648	-	12.29	-	708,402
1982	1,666,448	0	34	R2	49,013	-	12.87	-	630,683
1983	1,579,871	0	34	R2	46,467	-	13.46	-	625,596
1984	1,436,971	0	34	R2	42,264	-	14.08	-	594,871
1985	1,581,605	0	34	R2	46,518	-	14.70	-	683,943
1986	1,840,623	0	34	R2	54,136	-	15.35	-	830,766
1987	1,938,634	0	34	R2	57,019	-	16.00	-	912,529
1988	2,392,247	0	34	R2	70,360	-	16.68	-	1,173,382
1989	2,519,548	0	34	R2	74,104	-	17.36	-	1,286,730
1990	2,464,496	0	34	R2	72,485	-	18.06	-	1,309,414
1991	3,124,355	0	34	R2	91,893	-	18.78	-	1,725,641
1992	2,153,634	0	34	R2	63,342	-	19.51	-	1,235,564
1993	2,518,971	0	34	R2	74,087	-	20.25	-	1,499,990
1994	2,398,105	0	34	R2	70,533	-	21.00	-	1,481,086
1995	3,191,099	0	34	R2	93,856	-	21.76	-	2,042,589
1996	2,627,094	0	34	R2	77,267	-	22.54	-	1,741,541
1997	2,772,515	1000	34	R2	81,545	29	23.33	7.45	1,902,372
1998	4,460,035	0	34	R2	131,178	-	24.12	-	3,164,656
1999	3,295,415	0	34	R2	96,924	-	24.93	-	2,416,718
2000	3,191,898	0	34	R2	93,879	-	25.75	-	2,417,744
2001	1,634,379	6556	34	R2	48,070	193	26.58	24.93	1,282,672
2002	1,118,713	0	34	R2	32,903	-	27.42	-	902,304
2003	1,493,803	0	34	R2	43,935	-	28.27	-	1,242,135
2004	1,866,444	0	34	R2	54,895	-	29.13	-	1,599,104
2005	1,634,459	0	34	R2	48,072	-	30.00	-	1,442,028
2006	1,344,632	0	34	R2	39,548	-	30.87	-	1,220,952
2007	1,099,901	0	34	R2	32,350	-	31.76	-	1,027,324
2008	2,210,012	0	34	R2	65,000	-	32.65	-	2,122,153
2009	1,821,352	0	34	R2	53,569	-	33.55	-	1,797,127
	72,099,583	7,556			2,120,576	222	20.26		42,959,510

Average Remaining Life 20.3

Survivor Curve	R2
ASL	34

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
378 -- Measuring Regulating Equipment - General

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	110	0	30	L0	4	-	8.37	-	31
1941	-	0	30	L0	-	-	8.54	-	-
1942	-	0	30	L0	-	-	8.72	-	-
1943	-	0	30	L0	-	-	8.89	-	-
1944	-	0	30	L0	-	-	9.07	-	-
1945	-	0	30	L0	-	-	9.25	-	-
1946	-	0	30	L0	-	-	9.43	-	-
1947	-	0	30	L0	-	-	9.62	-	-
1948	260	0	30	L0	9	-	9.81	-	85
1949	97	0	30	L0	3	-	9.99	-	32
1950	202	0	30	L0	7	-	10.19	-	69
1951	535	0	30	L0	18	-	10.38	-	185
1952	904	0	30	L0	30	-	10.58	-	319
1953	789	0	30	L0	26	-	10.78	-	283
1954	38	0	30	L0	1	-	10.98	-	14
1955	5,199	0	30	L0	173	-	11.18	-	1,938
1956	3,855	0	30	L0	129	-	11.39	-	1,464
1957	1,094	0	30	L0	36	-	11.60	-	423
1958	-	0	30	L0	-	-	11.82	-	-
1959	12,372	0	30	L0	412	-	12.03	-	4,962
1960	-	0	30	L0	-	-	12.25	-	-
1961	-	0	30	L0	-	-	12.47	-	-
1962	321	0	30	L0	11	-	12.70	-	136
1963	-	0	30	L0	-	-	12.93	-	-
1964	608	0	30	L0	20	-	13.16	-	267
1965	881	0	30	L0	29	-	13.40	-	393
1966	5,272	0	30	L0	176	-	13.63	-	2,396
1967	-	0	30	L0	-	-	13.88	-	-
1968	317	0	30	L0	11	-	14.12	-	149
1969	281	0	30	L0	9	-	14.37	-	135
1970	23,330	0	30	L0	778	-	14.62	-	11,373
1971	24,948	0	30	L0	832	-	14.88	-	12,376
1972	13,981	0	30	L0	466	-	15.14	-	7,057
1973	3,975	0	30	L0	133	-	15.41	-	2,041
1974	5,207	0	30	L0	174	-	15.68	-	2,721
1975	6,244	0	30	L0	208	-	15.95	-	3,320
1976	3,610	0	30	L0	120	-	16.23	-	1,953
1977	8,552	0	30	L0	285	-	16.51	-	4,706
1978	7,190	0	30	L0	240	-	16.80	-	4,025
1979	9,000	0	30	L0	300	-	17.09	-	5,126

Delta Natural Gas Company
Depreciation Study
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378 -- Measuring Regulating Equipment - General

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1980	41,132	0	30	L0	1,371	-	17.38	-	23,833
1981	51,901	0	30	L0	1,730	-	17.68	-	30,592
1982	13,595	0	30	L0	453	-	17.99	-	8,152
1983	20,919	0	30	L0	697	-	18.30	-	12,760
1984	16,759	0	30	L0	559	-	18.61	-	10,399
1985	12,417	0	30	L0	414	-	18.94	-	7,837
1986	37,728	0	30	L0	1,258	-	19.26	-	24,224
1987	54,661	0	30	L0	1,822	-	19.59	-	35,700
1988	57,764	0	30	L0	1,925	-	19.93	-	38,376
1989	87,102	0	30	L0	2,903	-	20.27	-	58,863
1990	51,068	0	30	L0	1,702	-	20.62	-	35,105
1991	44,062	0	30	L0	1,469	-	20.98	-	30,810
1992	52,625	0	30	L0	1,754	-	21.34	-	37,431
1993	49,956	0	30	L0	1,665	-	21.71	-	36,144
1994	44,296	0	30	L0	1,477	-	22.08	-	32,601
1995	101,062	0	30	L0	3,369	-	22.46	-	75,659
1996	58,206	0	30	L0	1,940	-	22.85	-	44,327
1997	116,218	0	30	L0	3,874	-	23.24	-	90,041
1998	62,585	0	30	L0	2,086	-	23.65	-	49,337
1999	133,573	0	30	L0	4,452	-	24.07	-	107,167
2000	8,746	0	30	L0	292	-	24.50	-	7,143
2001	27,018	0	30	L0	901	-	24.95	-	22,473
2002	14,796	0	30	L0	493	-	25.42	-	12,538
2003	132,610	0	30	L0	4,420	-	25.91	-	114,536
2004	59,940	0	30	L0	1,998	-	26.42	-	52,797
2005	117,525	0	30	L0	3,918	-	26.97	-	105,640
2006	21,873	0	30	L0	729	-	27.54	-	20,080
2007	-	0	30	L0	-	-	28.16	-	-
2008	48,697	0	30	L0	1,623	-	28.83	-	46,792
2009	14,183	0	30	L0	473	-	29.57	-	13,981
	1,692,189	-			56,406	-	22.22		1,253,319

Average Remaining Life 22.2

Survivor Curve L0
ASL 30

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
379 -- Measuring Regulating Station Equipment -- City Gate

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	-	0	40	R1	-	-	3.51	-	-
1941	-	0	40	R1	-	-	3.80	-	-
1942	-	0	40	R1	-	-	4.10	-	-
1943	-	0	40	R1	-	-	4.41	-	-
1944	-	0	40	R1	-	-	4.71	-	-
1945	-	0	40	R1	-	-	5.03	-	-
1946	-	0	40	R1	-	-	5.35	-	-
1947	-	0	40	R1	-	-	5.67	-	-
1948	-	0	40	R1	-	-	6.00	-	-
1949	-	0	40	R1	-	-	6.33	-	-
1950	626	0	40	R1	16	-	6.68	-	104
1951	498	0	40	R1	12	-	7.02	-	87
1952	-	0	40	R1	-	-	7.38	-	-
1953	-	0	40	R1	-	-	7.74	-	-
1954	424	0	40	R1	11	-	8.10	-	86
1955	4,368	0	40	R1	109	-	8.48	-	925
1956	6,252	0	40	R1	156	-	8.85	-	1,384
1957	2,928	0	40	R1	73	-	9.24	-	676
1958	415	0	40	R1	10	-	9.63	-	100
1959	1,136	0	40	R1	28	-	10.03	-	285
1960	5,188	0	40	R1	130	-	10.44	-	1,354
1961	729	0	40	R1	18	-	10.86	-	198
1962	103	0	40	R1	3	-	11.28	-	29
1963	-	0	40	R1	-	-	11.71	-	-
1964	118	0	40	R1	3	-	12.14	-	36
1965	185	0	40	R1	5	-	12.59	-	58
1966	10,334	0	40	R1	258	-	13.04	-	3,369
1967	1,607	0	40	R1	40	-	13.50	-	543
1968	13	0	40	R1	0	-	13.97	-	5
1969	1,756	0	40	R1	44	-	14.45	-	634
1970	6,102	0	40	R1	153	-	14.94	-	2,279

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
379 -- Measuring Regulating Station Equipment -- City Gate

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1971	-	0	40	R1	-	-	15.43	-	-
1972	-	0	40	R1	-	-	15.93	-	-
1973	-	0	40	R1	-	-	16.45	-	-
1974	1,289	0	40	R1	32	-	16.97	-	547
1975	-	0	40	R1	-	-	17.50	-	-
1976	1,180	0	40	R1	30	-	18.03	-	532
1977	9,218	0	40	R1	230	-	18.58	-	4,282
1978	1,634	0	40	R1	41	-	19.13	-	782
1979	32,008	0	40	R1	800	-	19.70	-	15,763
1980	43,580	0	40	R1	1,090	-	20.27	-	22,086
1981	10,544	0	40	R1	264	-	20.85	-	5,497
1982	-	0	40	R1	-	-	21.44	-	-
1983	14,039	0	40	R1	351	-	22.04	-	7,735
1984	13,765	0	40	R1	344	-	22.65	-	7,793
1985	69,107	0	40	R1	1,728	-	23.26	-	40,184
1986	29,155	0	40	R1	729	-	23.88	-	17,405
1987	41,206	0	40	R1	1,030	-	24.51	-	25,247
1988	-	0	40	R1	-	-	25.14	-	-
1989	-	0	40	R1	-	-	25.78	-	-
1990	-	0	40	R1	-	-	26.43	-	-
1991	33,855	0	40	R1	846	-	27.09	-	22,926
1992	8,924	0	40	R1	223	-	27.75	-	6,190
1993	19,002	0	40	R1	475	-	28.41	-	13,497
1994	37,494	0	40	R1	937	-	29.08	-	27,258
1995	13,865	0	40	R1	347	-	29.75	-	10,313
1996	-	0	40	R1	-	-	30.43	-	-
1997	2,853	0	40	R1	71	-	31.11	-	2,219
1998	-	0	40	R1	-	-	31.80	-	-
1999	14,844	0	40	R1	371	-	32.49	-	12,056
2000	-	0	40	R1	-	-	33.18	-	-
2001	-	0	40	R1	-	-	33.88	-	-
2002	13,763	0	40	R1	344	-	34.58	-	11,898

Delta Natural Gas Company
Depreciation Study
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379 -- Measuring Regulating Station Equipment -- City Gate

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
2003	-	0	40	R1	-	-	35.29	-	-
2004	79,594	0	40	R1	1,990	-	36.00	-	71,628
2005	19,922	0	40	R1	498	-	36.71	-	18,285
2006	17,058	0	40	R1	426	-	37.43	-	15,963
2007	-	0	40	R1	-	-	38.16	-	-
2008	-	0	40	R1	-	-	38.89	-	-
2009	25,045	0	40	R1	626	-	39.63	-	24,813
	595,726	-			14,893	-	26.66		397,051
				Average Remaining Life					26.7

Survivor Curve	R1
ASL	40

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
381 -- Meters

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	1,300	0	36	S4	36	-	-	-	-
1941	-	0	36	S4	-	-	-	-	-
1942	-	0	36	S4	-	-	-	-	-
1943	-	0	36	S4	-	-	-	-	-
1944	-	0	36	S4	-	-	-	-	-
1945	-	0	36	S4	-	-	-	-	-
1946	-	0	36	S4	-	-	0.50	-	-
1947	1,361	0	36	S4	38	-	0.50	-	19
1948	7,200	0	36	S4	200	-	1.03	-	205
1949	12,983	0	36	S4	361	-	0.99	-	357
1950	11,515	0	36	S4	320	-	0.93	-	298
1951	8,282	0	36	S4	230	-	0.95	-	219
1952	25,195	0	36	S4	700	-	1.01	-	710
1953	4,329	0	36	S4	120	-	1.10	-	132
1954	6,163	0	36	S4	171	-	1.19	-	204
1955	14,171	0	36	S4	394	-	1.29	-	509
1956	29,813	0	36	S4	828	-	1.40	-	1,160
1957	15,293	0	36	S4	425	-	1.52	-	644
1958	17,188	0	36	S4	477	-	1.64	-	782
1959	19,856	0	36	S4	552	-	1.77	-	975
1960	21,145	0	36	S4	587	-	1.91	-	1,119
1961	24,843	0	36	S4	690	-	2.05	-	1,415
1962	14,485	0	36	S4	402	-	2.21	-	887
1963	31,894	0	36	S4	886	-	2.37	-	2,100
1964	18,103	0	36	S4	503	-	2.55	-	1,280
1965	23,944	0	36	S4	665	-	2.73	-	1,818
1966	20,427	0	36	S4	567	-	2.93	-	1,665
1967	36,960	0	36	S4	1,027	-	3.15	-	3,235
1968	44,180	0	36	S4	1,227	-	3.38	-	4,152
1969	61,872	0	36	S4	1,719	-	3.63	-	6,246
1970	219,572	0	36	S4	6,099	-	3.90	-	23,817
1971	210,607	0	36	S4	5,850	-	4.20	-	24,560
1972	91,736	0	36	S4	2,548	-	4.52	-	11,508
1973	91,823	0	36	S4	2,551	-	4.86	-	12,398
1974	58,878	0	36	S4	1,636	-	5.24	-	8,562
1975	78,982	0	36	S4	2,194	-	5.64	-	12,378
1976	48,111	0	36	S4	1,336	-	6.08	-	8,130
1977	66,317	0	36	S4	1,842	-	6.56	-	12,090
1978	67,406	0	36	S4	1,872	-	7.08	-	13,262

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Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1979	53,560	0	36	S4	1,488	-	7.65	-	11,374
1980	69,898	0	36	S4	1,942	-	8.25	-	16,021
1981	92,069	0	36	S4	2,557	-	8.90	-	22,771
1982	195,244	0	36	S4	5,423	-	9.60	-	52,071
1983	125,587	0	36	S4	3,489	-	10.34	-	36,085
1984	147,259	0	36	S4	4,091	-	11.13	-	45,527
1985	82,296	0	36	S4	2,286	-	11.96	-	27,333
1986	81,339	0	36	S4	2,259	-	12.82	-	28,967
1987	125,529	0	36	S4	3,487	-	13.72	-	47,831
1988	216,913	0	36	S4	6,025	-	14.64	-	88,219
1989	86,154	0	36	S4	2,393	-	15.59	-	37,305
1990	195,258	0	36	S4	5,424	-	16.55	-	89,776
1991	142,091	0	36	S4	3,947	-	17.53	-	69,187
1992	105,207	6585	36	S4	2,922	183	18.52	-	54,110
1993	281,873	0	36	S4	7,830	-	19.51	-	152,740
1994	239,405	0	36	S4	6,650	-	20.50	-	136,350
1995	297,778	0	36	S4	8,272	-	21.50	-	177,851
1996	1,004,419	0	36	S4	27,901	-	22.50	-	627,776
1997	94,368	0	36	S4	2,621	-	23.50	-	61,602
1998	828,908	0	36	S4	23,025	-	24.50	-	564,119
1999	221,392	0	36	S4	6,150	-	25.50	-	156,819
2000	203,319	0	36	S4	5,648	-	26.50	-	149,665
2001	408,435	0	36	S4	11,345	-	27.50	-	311,999
2002	577,827	0	36	S4	16,051	-	28.50	-	457,447
2003	1,828,445	0	36	S4	50,790	-	29.50	-	1,498,310
2004	92,829	0	36	S4	2,579	-	30.50	-	78,647
2005	215,473	0	36	S4	5,985	-	31.50	-	188,539
2006	225,642	0	36	S4	6,268	-	32.50	-	203,705
2007	275,722	0	36	S4	7,659	-	33.50	-	256,575
2008	149,376	0	36	S4	4,149	-	34.50	-	143,152
2009	82,941	0	36	S4	2,304	-	35.50	-	81,790
	10,152,490	6,585			282,014	183	21.38		6,030,497
					Average Remaining Life				21.4

Survivor Curve	S4
ASL	36

Delta Natural Gas Company
Depreciation Study
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382 -- Meter Regulator Installation

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	386	0	32	S1	12	-	-	-	-
1941	-	0	32	S1	-	-	-	-	-
1942	-	0	32	S1	-	-	-	-	-
1943	-	0	32	S1	-	-	-	-	-
1944	-	0	32	S1	-	-	-	-	-
1945	-	0	32	S1	-	-	0.50	-	-
1946	-	0	32	S1	-	-	0.50	-	-
1947	291	0	32	S1	9	-	0.55	-	5
1948	543	0	32	S1	17	-	0.75	-	13
1949	1,057	0	32	S1	33	-	0.99	-	33
1950	1,120	0	32	S1	35	-	1.25	-	44
1951	1,784	0	32	S1	56	-	1.51	-	84
1952	293	0	32	S1	9	-	1.78	-	16
1953	394	0	32	S1	12	-	2.06	-	25
1954	1,666	0	32	S1	52	-	2.34	-	122
1955	2,929	0	32	S1	92	-	2.62	-	240
1956	8,754	0	32	S1	274	-	2.91	-	796
1957	8,202	0	32	S1	256	-	3.20	-	820
1958	6,222	0	32	S1	194	-	3.49	-	679
1959	4,846	0	32	S1	151	-	3.79	-	574
1960	3,986	0	32	S1	125	-	4.09	-	510
1961	3,306	0	32	S1	103	-	4.40	-	455
1962	9,394	0	32	S1	294	-	4.71	-	1,384
1963	1,800	0	32	S1	56	-	5.03	-	283
1964	1,800	0	32	S1	56	-	5.35	-	301
1965	2,280	0	32	S1	71	-	5.68	-	404
1966	2,088	0	32	S1	65	-	6.01	-	392
1967	4,152	0	32	S1	130	-	6.34	-	823
1968	5,823	0	32	S1	182	-	6.69	-	1,217
1969	8,651	0	32	S1	270	-	7.03	-	1,901
1970	8,413	0	32	S1	263	-	7.39	-	1,942
1971	6,017	0	32	S1	188	-	7.75	-	1,457
1972	6,795	0	32	S1	212	-	8.12	-	1,724
1973	8,877	0	32	S1	277	-	8.49	-	2,356
1974	5,641	0	32	S1	176	-	8.87	-	1,564
1975	4,065	0	32	S1	127	-	9.26	-	1,177
1976	2,843	0	32	S1	89	-	9.66	-	859
1977	2,209	0	32	S1	69	-	10.07	-	695
1978	1,604	0	32	S1	50	-	10.49	-	526

Delta Natural Gas Company
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Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1979	4,463	0	32	S1	139	-	10.91	-	1,522
1980	5,200	0	32	S1	163	-	11.35	-	1,844
1981	12,046	0	32	S1	376	-	11.80	-	4,441
1982	66,540	0	32	S1	2,079	-	12.26	-	25,486
1983	99,610	0	32	S1	3,113	-	12.73	-	39,617
1984	94,296	0	32	S1	2,947	-	13.21	-	38,926
1985	67,324	0	32	S1	2,104	-	13.71	-	28,836
1986	69,688	0	32	S1	2,178	-	14.22	-	30,959
1987	60,219	0	32	S1	1,882	-	14.74	-	27,740
1988	71,400	0	32	S1	2,231	-	15.28	-	34,095
1989	89,262	296457	32	S1	2,789	9,264	15.84	-	44,175
1990	147,697	0	32	S1	4,616	-	16.41	-	75,740
1991	118,996	0	32	S1	3,719	-	17.00	-	63,219
1992	170,332	0	32	S1	5,323	-	17.61	-	93,738
1993	142,352	0	32	S1	4,449	-	18.24	-	81,139
1994	160,617	0	32	S1	5,019	-	18.89	-	94,812
1995	148,177	0	32	S1	4,631	-	19.56	-	90,577
1996	150,837	0	32	S1	4,714	-	20.25	-	95,473
1997	149,850	0	32	S1	4,683	-	20.97	-	98,206
1998	172,095	0	32	S1	5,378	-	21.71	-	116,770
1999	155,766	0	32	S1	4,868	-	22.48	-	109,419
2000	122,090	0	32	S1	3,815	-	23.27	-	88,782
2001	98,891	0	32	S1	3,090	-	24.09	-	74,438
2002	93,543	0	32	S1	2,923	-	24.93	-	72,878
2003	102,667	0	32	S1	3,208	-	25.80	-	82,777
2004	112,534	0	32	S1	3,517	-	26.70	-	93,882
2005	110,798	0	32	S1	3,462	-	27.62	-	95,620
2006	82,818	0	32	S1	2,588	-	28.56	-	73,914
2007	90,410	0	32	S1	2,825	-	29.52	-	83,415
2008	68,713	0	32	S1	2,147	-	30.51	-	65,505
2009	54,832	0	32	S1	1,714	-	31.50	-	53,976
	3,222,294	296,457			100,697	9,264	19.91		2,005,342
					Average Remaining Life				18.2

Survivor Curve	S1
ASL	32

Delta Natural Gas Company
Depreciation Study
As of June 30, 2002
383 -- House Regulators

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	563	0	30	S0	19	-	-	-	-
1941	-	0	30	S0	-	-	-	-	-
1942	-	0	30	S0	-	-	-	-	-
1943	-	0	30	S0	-	-	-	-	-
1944	-	0	30	S0	-	-	-	-	-
1945	-	0	30	S0	-	-	-	-	-
1946	-	0	30	S0	-	-	-	-	-
1947	6,423	0	30	S0	214	-	-	-	-
1948	560	0	30	S0	19	-	-	-	-
1949	508	0	30	S0	17	-	0.50	-	8
1950	1,192	0	30	S0	40	-	0.50	-	20
1951	3,347	0	30	S0	112	-	0.65	-	72
1952	1,274	0	30	S0	42	-	0.97	-	41
1953	1,063	0	30	S0	35	-	1.32	-	47
1954	1,689	0	30	S0	56	-	1.69	-	95
1955	4,186	0	30	S0	140	-	2.05	-	286
1956	8,755	0	30	S0	292	-	2.42	-	707
1957	6,486	0	30	S0	216	-	2.79	-	604
1958	4,537	0	30	S0	151	-	3.17	-	479
1959	4,836	0	30	S0	161	-	3.55	-	572
1960	5,466	0	30	S0	182	-	3.93	-	716
1961	10,139	0	30	S0	338	-	4.31	-	1,457
1962	4,564	0	30	S0	152	-	4.70	-	715
1963	8,161	0	30	S0	272	-	5.08	-	1,383
1964	5,251	0	30	S0	175	-	5.48	-	958
1965	9,372	0	30	S0	312	-	5.87	-	1,833
1966	5,883	0	30	S0	196	-	6.26	-	1,228
1967	8,100	0	30	S0	270	-	6.66	-	1,799
1968	10,199	0	30	S0	340	-	7.06	-	2,402
1969	15,644	0	30	S0	521	-	7.47	-	3,895
1970	15,245	0	30	S0	508	-	7.88	-	4,003
1971	44,148	0	30	S0	1,472	-	8.29	-	12,196
1972	18,706	0	30	S0	624	-	8.70	-	5,426
1973	18,408	0	30	S0	614	-	9.12	-	5,596
1974	29,340	0	30	S0	978	-	9.54	-	9,331
1975	12,375	0	30	S0	413	-	9.97	-	4,111
1976	18,467	0	30	S0	616	-	10.40	-	6,399
1977	29,083	0	30	S0	969	-	10.83	-	10,497
1978	20,730	0	30	S0	691	-	11.27	-	7,785

Delta Natural Gas Company
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383 -- House Regulators

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1979	17,688	0	30	S0	590	-	11.71	-	6,903
1980	44,258	0	30	S0	1,475	-	12.16	-	17,932
1981	46,611	0	30	S0	1,554	-	12.61	-	19,588
1982	62,018	0	30	S0	2,067	-	13.06	-	27,008
1983	79,203	0	30	S0	2,640	-	13.53	-	35,714
1984	68,536	0	30	S0	2,285	-	14.00	-	31,975
1985	82,809	0	30	S0	2,760	-	14.47	-	39,945
1986	45,980	0	30	S0	1,533	-	14.95	-	22,918
1987	107,385	3463	30	S0	3,580	115	15.44	-	55,271
1988	84,581	0	30	S0	2,819	-	15.94	-	44,931
1989	114,666	0	30	S0	3,822	-	16.44	-	62,837
1990	112,102	0	30	S0	3,737	-	16.95	-	63,344
1991	63,398	0	30	S0	2,113	-	17.47	-	36,923
1992	95,099	0	30	S0	3,170	-	18.00	-	57,064
1993	152,812	0	30	S0	5,094	-	18.54	-	94,443
1994	115,494	0	30	S0	3,850	-	19.09	-	73,497
1995	126,610	0	30	S0	4,220	-	19.65	-	82,941
1996	114,577	0	30	S0	3,819	-	20.23	-	77,250
1997	85,933	0	30	S0	2,864	-	20.81	-	59,619
1998	340,732	295	30	S0	11,358	10	21.41	15.94	243,379
1999	161,756	0	30	S0	5,392	-	22.03	-	118,790
2000	136,617	0	30	S0	4,554	-	22.66	-	103,214
2001	84,144	0	30	S0	2,805	-	23.32	-	65,399
2002	114,466	0	30	S0	3,816	-	23.99	-	91,531
2003	108,820	0	30	S0	3,627	-	24.68	-	89,535
2004	115,491	0	30	S0	3,850	-	25.40	-	97,792
2005	142,384	0	30	S0	4,746	-	26.15	-	124,109
2006	181,209	0	30	S0	6,040	-	26.93	-	162,656
2007	223,326	0	30	S0	7,444	-	27.74	-	206,530
2008	161,646	0	30	S0	5,388	-	28.60	-	154,115
2009	98,027	0	30	S0	3,268	-	29.52	-	96,443
	3,823,077	3,758			127,436	125	20.00		2,548,257
					Average Remaining Life				20.0

Survivor Curve S0
ASL 30

Delta Natural Gas Company
Depreciation Study
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385 -- Industrial Meter Sets

Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	-	0	40	L0	-	-	15.57	-	-
1941	-	0	40	L0	-	-	15.79	-	-
1942	-	0	40	L0	-	-	16.00	-	-
1943	-	0	40	L0	-	-	16.22	-	-
1944	-	0	40	L0	-	-	16.44	-	-
1945	-	0	40	L0	-	-	16.67	-	-
1946	-	0	40	L0	-	-	16.89	-	-
1947	-	0	40	L0	-	-	17.12	-	-
1948	-	0	40	L0	-	-	17.35	-	-
1949	-	0	40	L0	-	-	17.58	-	-
1950	-	0	40	L0	-	-	17.82	-	-
1951	-	0	40	L0	-	-	18.06	-	-
1952	-	0	40	L0	-	-	18.30	-	-
1953	-	0	40	L0	-	-	18.54	-	-
1954	-	0	40	L0	-	-	18.79	-	-
1955	-	0	40	L0	-	-	19.03	-	-
1956	702	0	40	L0	18	-	19.29	-	338
1957	1,860	0	40	L0	47	-	19.54	-	909
1958	1,172	0	40	L0	29	-	19.80	-	580
1959	366	0	40	L0	9	-	20.06	-	184
1960	1,596	0	40	L0	40	-	20.32	-	811
1961	941	0	40	L0	24	-	20.59	-	484
1962	168	0	40	L0	4	-	20.85	-	88
1963	1,767	0	40	L0	44	-	21.13	-	933
1964	308	0	40	L0	8	-	21.40	-	165
1965	1,098	0	40	L0	27	-	21.68	-	595
1966	1,847	0	40	L0	46	-	21.96	-	1,014
1967	2,885	0	40	L0	72	-	22.25	-	1,605
1968	2,179	0	40	L0	54	-	22.54	-	1,228
1969	1,759	0	40	L0	44	-	22.83	-	1,004
1970	3,485	0	40	L0	87	-	23.13	-	2,015
1971	3,084	0	40	L0	77	-	23.42	-	1,806
1972	2,554	0	40	L0	64	-	23.73	-	1,515
1973	3,174	0	40	L0	79	-	24.03	-	1,907
1974	2,543	0	40	L0	64	-	24.34	-	1,548
1975	1,682	0	40	L0	42	-	24.66	-	1,037
1976	6,518	0	40	L0	163	-	24.98	-	4,070
1977	-	0	40	L0	-	-	25.30	-	-
1978	4,035	0	40	L0	101	-	25.63	-	2,585
1979	3,969	0	40	L0	99	-	25.96	-	2,576

Delta Natural Gas Company
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Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1980	4,307	0	40	L0	108	-	26.29	-	2,831
1981	33,109	0	40	L0	828	-	26.63	-	22,042
1982	19,688	0	40	L0	492	-	26.97	-	13,276
1983	17,371	0	40	L0	434	-	27.32	-	11,864
1984	26,528	0	40	L0	663	-	27.67	-	18,352
1985	39,740	0	40	L0	994	-	28.03	-	27,846
1986	70,515	0	40	L0	1,763	-	28.39	-	50,047
1987	58,538	0	40	L0	1,463	-	28.75	-	42,081
1988	109,462	0	40	L0	2,737	-	29.13	-	79,703
1989	141,310	0	40	L0	3,533	-	29.50	-	104,217
1990	98,320	0	40	L0	2,458	-	29.88	-	73,446
1991	71,191	0	40	L0	1,780	-	30.27	-	53,866
1992	42,672	0	40	L0	1,067	-	30.66	-	32,705
1993	79,131	0	40	L0	1,978	-	31.06	-	61,438
1994	89,330	0	40	L0	2,233	-	31.46	-	70,265
1995	89,881	0	40	L0	2,247	-	31.88	-	71,634
1996	72,772	0	40	L0	1,819	-	32.31	-	58,774
1997	57,974	0	40	L0	1,449	-	32.74	-	47,457
1998	91,757	0	40	L0	2,294	-	33.19	-	76,144
1999	60,714	0	40	L0	1,518	-	33.66	-	51,087
2000	54,409	0	40	L0	1,360	-	34.14	-	46,432
2001	70,925	0	40	L0	1,773	-	34.63	-	61,405
2002	13,368	0	40	L0	334	-	35.14	-	11,745
2003	54,587	0	40	L0	1,365	-	35.68	-	48,690
2004	53,260	0	40	L0	1,332	-	36.24	-	48,248
2005	31,213	0	40	L0	780	-	36.82	-	28,732
2006	51,486	0	40	L0	1,287	-	37.44	-	48,186
2007	24,432	0	40	L0	611	-	38.09	-	23,265
2008	51,360	0	40	L0	1,284	-	38.79	-	49,811
2009	11,085	0	40	L0	277	-	39.57	-	10,965
	1,740,127	-			43,503	-	31.62		1,375,550

Average Remaining Life 31.6

Survivor Curve	L0
ASL	40

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Year	Additions	Transfers	ASL	Survivor Curve	Annual Accrual of Additions	Annual Accrual of Transfers	Remaining Life of Additions	Remaining Life of Transfers	Avg Future Accruals
1940	-	0	35	L0	-	-	11.87	-	-
1941	-	0	35	L0	-	-	12.06	-	-
1942	-	0	35	L0	-	-	12.26	-	-
1943	-	0	35	L0	-	-	12.46	-	-
1944	-	0	35	L0	-	-	12.66	-	-
1945	-	0	35	L0	-	-	12.86	-	-
1946	-	0	35	L0	-	-	13.06	-	-
1947	-	0	35	L0	-	-	13.27	-	-
1948	-	0	35	L0	-	-	13.48	-	-
1949	-	0	35	L0	-	-	13.69	-	-
1950	-	0	35	L0	-	-	13.91	-	-
1951	-	0	35	L0	-	-	14.13	-	-
1952	-	0	35	L0	-	-	14.35	-	-
1953	-	0	35	L0	-	-	14.57	-	-
1954	-	0	35	L0	-	-	14.80	-	-
1955	-	0	35	L0	-	-	15.02	-	-
1956	-	0	35	L0	-	-	15.25	-	-
1957	-	0	35	L0	-	-	15.49	-	-
1958	20,586	0	35	L0	588	-	15.73	-	9,249
1959	27,726	0	35	L0	792	-	15.97	-	12,647
1960	250	0	35	L0	7	-	16.21	-	116
1961	832	0	35	L0	24	-	16.45	-	391
1962	1,197	0	35	L0	34	-	16.70	-	571
1963	23,367	0	35	L0	668	-	16.95	-	11,319
1964	357	0	35	L0	10	-	17.21	-	176
1965	10,712	0	35	L0	306	-	17.47	-	5,346
1966	24,179	0	35	L0	691	-	17.73	-	12,249
1967	149	0	35	L0	4	-	18.00	-	77
1968	3,179	0	35	L0	91	-	18.27	-	1,659
1969	94	0	35	L0	3	-	18.54	-	50
1970	37,380	0	35	L0	1,068	-	18.81	-	20,094
1971	29,546	0	35	L0	844	-	19.09	-	16,119
1972	11,406	0	35	L0	326	-	19.38	-	6,315
1973	84,336	0	35	L0	2,410	-	19.67	-	47,388
1974	480	0	35	L0	14	-	19.96	-	274
1975	700	0	35	L0	20	-	20.25	-	405
1976	2,119	0	35	L0	61	-	20.55	-	1,244
1977	1,374	0	35	L0	39	-	20.86	-	819
1978	568,930	0	35	L0	16,255	-	21.17	-	344,058

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1979	23,860	0	35	L0	682	-	21.48	-	14,642
1980	58,518	0	35	L0	1,672	-	21.80	-	36,442
1981	253,709	0	35	L0	7,249	-	22.12	-	160,326
1982	171,370	0	35	L0	4,896	-	22.44	-	109,891
1983	79,384	0	35	L0	2,268	-	22.77	-	51,656
1984	176,763	0	35	L0	5,050	-	23.11	-	116,716
1985	138,267	0	35	L0	3,950	-	23.45	-	92,643
1986	79,344	0	35	L0	2,267	-	23.80	-	53,946
1987	21,786	0	35	L0	622	-	24.15	-	15,031
1988	9,828	0	35	L0	281	-	24.50	-	6,880
1989	158,943	0	35	L0	4,541	-	24.86	-	112,912
1990	247,667	0	35	L0	7,076	-	25.23	-	178,533
1991	910	0	35	L0	26	-	25.60	-	666
1992	26,100	0	35	L0	746	-	25.98	-	19,373
1993	115,754	0	35	L0	3,307	-	26.36	-	87,186
1994	525,596	0	35	L0	15,017	-	26.75	-	401,731
1995	62,193	0	35	L0	1,777	-	27.15	-	48,243
1996	150,022	0	35	L0	4,286	-	27.56	-	118,116
1997	11,853	0	35	L0	339	-	27.97	-	9,474
1998	33,458	0	35	L0	956	-	28.40	-	27,152
1999	310,970	0	35	L0	8,885	-	28.85	-	256,297
2000	21,039	0	35	L0	601	-	29.30	-	17,615
2001	41,155	0	35	L0	1,176	-	29.78	-	35,015
2002	1,331,240	0	35	L0	38,035	-	30.27	-	1,151,371
2003	489,667	0	35	L0	13,990	-	30.78	-	430,691
2004	346,841	0	35	L0	9,910	-	31.32	-	310,391
2005	20,333	0	35	L0	581	-	31.89	-	18,524
2006	55,450	0	35	L0	1,584	-	32.48	-	51,464
2007	49,897	0	35	L0	1,426	-	33.12	-	47,217
2008	8,098	0	35	L0	231	-	33.81	-	7,823
2009	4,250	0	35	L0	121	-	34.57	-	4,198
	5,873,165	-			167,805	-	26.71		4,482,732

Average Remaining Life 27

Survivor Curve L0
ASL 35