

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

DELTA NATURAL GAS COMPANY, INC.)
APPLICATION FOR ADJUSTMENT OF)
RATES UNDER PURCHASED GAS)
ADJUSTMENT CLAUSE)

CASE NO. 7202-P

ORDER

On June 29, 1979, this Commission issued its Final Order in Case No. 7202, approving certain adjustments in the rates of Delta Natural Gas Company, Inc. (Delta) and providing under certain conditions for further adjustments of rates when the wholesale cost of gas is increased, decreased or refunds are received.

On April 13, 1981, Delta and its subsidiaries, hereinafter called the Applicant, notified the Commission that it had received from three of its suppliers a wholesale gas increase to become effective April 1, 1981.

On March 17, 1981, Applicant received from one of its suppliers, Columbia Gas Transmission Corporation (Columbia) notification of a rate increase effective April 1, 1981.

That effective January 31, 1981, Delta was assigned all of the rights of the Wiser Oil Company (Wiser) in that certain Service Agreement dated July 1, 1971 for the sale of natural gas under Rate Schedule CDS by and between Wiser and Columbia.

On April 10, 1981, Applicant received from one of its

suppliers, Graham-Michaelis Drilling Company (Michaelis) a letter agreement pursuant to Applicant's annual price renegotiation. The effective date of the increase is April 1, 1981.

That effective April 1, 1981, Applicant experienced an increase in the cost per MCF of gas purchased from Weaver Oil and Gas Corporation (Weaver) in Bell County, Kentucky in accordance with the escalator clause in the contract of August 16, 1978, a copy of which is on file with the Commission.

The Applicant has requested an effective date of May 1, 1981 on the revised rates as set forth herein.

The estimated annual net increase in revenue as a result of the Applicant's filing of April 13, 1981, is \$356,069 or \$0.09 per MCF.

The Applicant, in compliance with its tariff and previous Orders of this Commission, submitted with its Notice certain information including verification of the rates and charges of its supplier.

After viewing this evidence of record and being advised, the Commission is of the opinion and finds:

(1) That Applicant received from one of its suppliers, Columbia, notification of a rate increase effective April 1, 1981, as reflected on Columbia's Seventieth Revised Tariff Sheet No. 16.

(2) That effective April 1, 1981, Applicant shall experience an increase of \$01 per MCF in the cost of gas purchased from Weaver.

(3) That effective April 1, 1981, Applicant shall experience an increase of \$.25 per MCF in the cost of gas from its supplier Michaelis.

(4) That effective January 31, 1981, Delta was assigned all of the rights of Wiser in that certain Service Agreement dated July 1, 1971 for the sale of natural gas under Rate Schedule CDS by and between Wiser and Columbia.

(5) That the Applicant proposed to apply to its customers, effective May 1, 1981, the revised rates as set forth herein.

(6) That the Applicant's adjustment in rates under the Purchased Gas Adjustment provisions approved by the Commission in its Order in Case No. 7202, dated June 29, 1979, is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after May 1, 1981, subject to approval by the Federal Energy Regulatory Commission (FERC).

IT IS THEREFORE ORDERED that the Purchased Gas Adjustment sought by the Applicant as set out in Appendix "A" attached hereto and made a part hereof, be and the same, is hereby approved to be effective with gas supplied on and after May 1, 1981, subject to approval by FERC.

IT IS FURTHER ORDERED that within thirty (30) days after the date of this Order, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on April 13, 1981, constitutes full compliance with the Commission's requirement and Order in Case No. 7202, and any other information ordinarily required to be filed under this Commission's regulations is hereby waived.

Done at Frankfort, Kentucky, this 1st day of May, 1981.

PUBLIC SERVICE COMMISSION

ATTEST:

Secretary

Marlin M. Voh

For the Commission

APPENDIX "A"

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 7202-P DATED
MAY 1, 1981

The following rates and charges are prescribed for the customers in the areas served by Delta Natural Gas Company, Inc., and its Subsidiary Laurel Valley Pipeline Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATE SCHEDULE G-GENERAL SERVICE

APPLICABILITY:

Applicable within all service areas served by Delta namely: Owingsville, Sharpsburg, Bath County, Camargo, Montgomery County, Frenchburg, Menifee County, Kingston-Terrill, Madison County Stanton, Clay City, Powell County, Garrard County, Berea, Salt Lick, Midland, Nicholasville, Wilmore, Jessamine County, Jeffersonville, Clearfield, Farmers, Rowan County, Middlesboro, Pineville, Bell County, Barbourville, Knox County, Williamsburg, Whitley County, London, Laurel County, and environs of each.

AVAILABILITY:

Available for general use by residential, commercial, and industrial customers.

CHARACTER OF SERVICE:

Firm-with the reasonable limits of the company's capability to provide such service.

RATES:

Monthly Customer Charge: \$2.50 per delivery point per Month
Rate requested effective May 1, 1981: \$3.94 per MCF/Month
Rate to be applied May 1, 1981: \$3.94 per MCF/Month

PURCHASED GAS ADJUSTMENT:

Delta Natural Gas Company, Inc.

Applicable to all rate schedules

The base rate for purchased gas for the future application of this Purchased Gas Adjustment Clause is:

<u>Supplier</u>	<u>Rate/MCF</u>
Columbia Gas Transmission Corporation	
Rate Schedule CDS	
Demand	\$2.45
Commodity	2.7297
Rate Schedule CGS	2.8908
Includes Transportation Charge of \$0.2743	5.0643
Tennessee Gas Pipeline Company	
Rate Schedule GS-2	\$2.6654
Graham-Michaelis Corporation	\$1.75
Flat Lick	\$0.35
LVPL - Production	0.90
Evans	0.92
Wiehoff	1.37
Hall-Martin	0.40
Moser	0.92
Goff	0.40
Weaver	1.80
Robert Martin	1.75
Wiser Oil Company	\$2.17
John Owens	\$1.8288