

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) CASE NO. 8256-G
ADJUSTMENT CLAUSE)

O R D E R

On December 1, 1981, this Commission issued its Order in Case No. 8256, approving certain adjustments in the rates of Delta Natural Gas Company, Inc., ("Delta") and providing under certain conditions for the further adjustments of rates when the wholesale cost of gas is increased, decreased or refunds are received.

On June 9, 1982, Delta notified the Commission that its wholesale cost of gas would be increased by three of its suppliers, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

On June 1, 1982, Delta received from one of its suppliers, Tennessee Gas Pipeline Company ("Tennessee"), notification of a rate increase effective July 1, 1982, as reflected in Tennessee's Fifth Revised Tariff Sheet No. 20 and Fourth Revised Tariff Sheet No. 21.

Effective April 1, 1982, Delta shall experience 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.

Delta's subsidiary, Laurel Valley Pipe Line Company ("Laruel Valley") shall experience effective July 1, 1982, an increase in the wholesale cost of gas it purchases locally from the Weaver-Hamilton partnership under the contract dated May 20, 1980. The price of gas purchased under this agreement is subject to Section 102 of the Natural Gas Policy Act of 1978. Laurel Valley resells and delivers a portion of the gas to Delta at Laruel's Valley's wholesale cost.

The estimated annual net increase in revenue as a result of Delta's filing of June 9, 1982, is \$452.893 or \$0.0797 per Mcf.

Delta 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 reviewing this evidence of record and being advised, the Commission is of the opinion and finds that:

(1) The Public Service Commission is being asked to approve a price increase already approved by FERC when it granted Delta's supplier, Tennessee, a wholesale gas cost increase. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair

and unjust to Delta and would ultimately result in higher rates to their customers in any event. The Commission has (in writing) indicated its opposition to the procedures and regulations used by the federal agency in approving these supplier increases since 1975. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

(2) Delta received from one of its suppliers, Tennessee, notification of a rate increase effective July 1, 1982.

(3) Delta received from Weaver an increase effective April 1, 1982, in accordance with the escalator clause in the contract of August 16, 1978.

(4) Delta's subsidiary Laurel Valley shall experience an increase in the wholesale cost of gas is purchases effective July 1, 1982.

(5) Delta proposed to apply to its customers, effective July 1, 1982, the revised rates set forth herein.

(6) Delta's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8256 dated December 1, 1981, is fair, just and reasonable in the public interest and should be effective, subject to refund, with gas supplied on and after July 1, 1982.

IT IS THEREFORE ORDERED that the purchased gas adjustment in Appendix A is hereby approved, subject to refund, to be effective on and after July 1, 1982.

IT IS FURTHER ORDERED that within 30 days after the date of this Order, Delta 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 Delta on June 9, 1982, constitutes full compliance with the Commission's requirement and Order in Case No. 8256 and any other information ordinarily required to be filed under this Commission's regulations is hereby waived.

Done at Frankfort, Kentucky, this 23rd day of June, 1982.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8256-G DATED JUNE 23,
1982

The following rates and charges are prescribed for the customers in the areas served by Delta Natural Gas 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:

General Service--

Monthly Customer Charge - \$2.75 per delivery point per month.

1 - 5,000 Mcf	\$4.8810
5,001 - 10,000 Mcf	4.6310
Over - 10,000 Mcf	4.3810

Interruptible--

1 - 5,000 Mcf	\$4.6310
5,001 - 10,000 Mcf	4.3810
Over - 10,000 Mcf	4.1310

PURCHASED GAS ADJUSTMENT

Delta Natural Gas Company

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 or DTH</u>
Columbia Gas Transmission Corporation	
Rate Schedule CDS	
Demand (DTH)	\$3.08
Commodity (DTH)	3.6077
Rate Schedule SGS (DTH)	\$3.8102
Columbia LNG Corporation	5.4553*
*Includes Transportation Charge of	\$0.3503
Tennessee Gas Pipeline Company	
Gas Rate (DTH)	\$3.0947
Commodity	0.7739
Graham-Michaelis Corporation	\$2.00
Flat Lick	\$0.35
Evans	0.94
Wiehoff	1.39
Hall-Martin	0.40
Goff	0.40
Weaver	1.85
Martin Energy Company	1.75
Laurel Valley	3.2708
Wiser Oil Company	2.6355
Al J. Keyser	1.50
L P Energy	2.00
Storage	0.8479