

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of

CITY OF BARBOURVILLE; UNION COLLEGE; CHESTER)
WALLACE; KNOX COUNTY GENERAL HOSPITAL, INC.;)
ALBERT SCENT, JR.; KNOX COUNTY BOARD OF EDU-)
CATION; THOMAS GRAY, SR.; WILLIAM D. JONES;)
FIRST BAPTIST CHURCH, BARBOURVILLE, KENTUCKY;)
FIRST CHRISTIAN CHURCH, BARBOURVILLE, KENTUCKY;)
UNITED METHODIST CHURCH, BARBOURVILLE, KENTUCKY;)
CHARLES C. SADDLER; CLINTON B. HAMMONS; HOBART)
JARVIS AND STEVEN W. EVANS; FELTON PATTON;)
HUBERT SPRINKLES; CARL BERGE, INDIVIDUALLY AND)
D/B/A BERGE PIC-PAC MARKET; INSURANCE SERVICE)
CENTER, CORBIN TIMES AND TRIBUNE; CORBIN BRICK)
COMPANY; CORBIN CITY SCHOOL BOARD; AND CITY OF)
CORBIN; INDIVIDUALLY AND AS MEMBERS OF A CLASS)
OF PERSONS SIMILARLY SITUATED)

CASE NO. 8496

Complainants)

vs.)

DELTA NATURAL GAS COMPANY, INC.)

Defendant)

ORDER TO SATISFY OR ANSWER

To Delta Natural Gas Company, Inc:

You are hereby notified that a complaint has been filed in the action entitled as above against you as defendant, and you are hereby ordered to satisfy the matters therein complained of or to answer said complaint in writing within 10 days from the service upon you of this Order and the copy of said complaint which is hereunto attached. Done at Frankfort, Kentucky, this 8th day of April, 1982.

PUBLIC SERVICE COMMISSION

ATTEST:


For the Commission

Secretary

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

CITY OF BARBOURVILLE; UNION)
COLLEGE; CHESTER WALLACE;)
KNOX COUNTY GENERAL HOSPITAL,)
INC.; ALBERT SCENT, JR.; KNOX)
COUNTY BOARD OF EDUCATION;)
THOMAS GRAY, SR.; WILLIAM D.)
JONES; FIRST BAPTIST CHURCH,)
BARBOURVILLE, KENTUCKY; FIRST)
CHRISTIAN CHURCH, BARBOUR-)
VILLE, KENTUCKY; UNITED)
METHODIST CHURCH, BARBOUR-)
VILLE, KENTUCKY; CHARLES C.)
SADDLER; CLINTON B. HAMMONS;)
HOBART JARVIS and STEVEN W.)
EVANS; FELTON PATTON; HUBERT)
SPRINKLES; CARL BERGE,)
Individually and d/b/a BERGE)
PIC-PAC MARKET; INSURANCE)
SERVICE CENTER, CORBIN TIMES)
AND TRIBUNE; CORBIN BRICK)
COMPANY; CORBIN CITY SCHOOL)
BOARD; and CITY OF CORBIN;)
Individually and as members of a)
class of persons similarly situated,)

COMPLAINANTS)

VS.)

DELTA NATURAL GAS COMPANY, INC.,)

DEFENDANT)

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PUBLIC SERVICE
COMMISSION

No. 8496

COMPLAINT

The Complaint of City of Barbourville, Union College, Chester Wallace, Knox County General Hospital, Inc., Albert Scent, Jr., Knox County Board of Education, Thomas Gray, Sr., William D. Jones, First Baptist Church, First Christian Church, United Methodist Church, Charles C. Saddler, Clinton B. Hammons, Hobart Jarvis, and Steven W. Evans, Felton Patton, Hubert Sprinkles, Carl Bengé, Individually and d/b/a Bengé Pic-Pac Market, Insurance Service Center, Corbin Times and Tribune, Corbin Brick Company, Corbin City School Board, and City of Corbin, respectfully, shows:

1. That the name, occupation and post office address of each complainant is as follows:

	<u>Name and Address</u>	<u>Business or Occupation</u>
(1)	City of Barbourville Barbourville, Kentucky 40906	A Municipality of the Fourth Class
(2)	Union College Barbourville, Kentucky 40906	A Private College
(3)	Chester Wallace Third Street Barbourville, Kentucky 40906	Retired
(4)	Knox County General Hospital, Inc. 321 High Street Barbourville, Kentucky 40906	Hospital
(5)	Albert Scent, Jr. Walker Drive Barbourville, Kentucky 40906	Advertising Manager Barbourville Mountain Advocate
(6)	Knox County Board of Education Court Square Barbourville, Kentucky 40906	County School Board
(7)	Thomas Gray, Sr. North Main Street Barbourville, Kentucky 40906	Retired

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| (8) | William D. Jones
North Main Street
Barbourville, Kentucky 40906 | Retired |
| (9) | First Baptist Church
North Main Street
Barbourville, Kentucky 40906 | Church |
| (10) | First Christian Church
North Main Street
Barbourville, Kentucky 40906 | Church |
| (11) | United Methodist Church
North Main Street
Barbourville, Kentucky 40906 | Church |
| (12) | Charles C. Saddler
College Park Drive
Barbourville, Kentucky 40906 | Retired |
| (13) | Clinton B. Hammons
Allison Avenue
Barbourville, Kentucky 40906 | Retired |
| (14) | Hobart Jarvis
Barbourville, Kentucky | Retired |
| (15) | Steven W. Evans
Allison Avenue
Barbourville, Kentucky 40906 | Certified Public
Accountant |
| (16) | Felton Patton
212 Third Street
Barbourville, Kentucky 40906 | Retired |
| (17) | Hubert Sprinkles
Allison Avenue
Barbourville, Kentucky 40906 | Deputy Sheriff |
| (18) | Carl Benge, Individually and d/b/a
Benge Pic-Pac Market
Forest Hills Shopping Center
Corbin, Kentucky 40701 | Grocery Business |
| (19) | Insurance Service Center
100 N. Kentucky Avenue
Corbin, Kentucky 40906 | Insurance Business |
| (20) | Corbin Times and Tribune
201 North Kentucky Avenue
Corbin, Kentucky 40701 | Newspaper |

(21) Corbin Brick Company
Box 452
Corbin, Kentucky 40701

Brick Making

(22) Corbin City School Board
Center Street
Corbin, Kentucky 40701

City School Board

(23) City of Corbin
Corbin, Kentucky 40701

A Municipality of the
Third Class

(2) That the class consists of all the previous customers of Peoples Gas Company residing in the Corbin, Barbourville, Whitley and Knox County areas who are now served by Defendant, Delta Natural Gas Company, Inc., and who were effected by the new rates as approved in Case #8256 before this commission. That the class represented by the Complainants is so numerous that joinder of all members is impracticable. That there are questions of law or fact common to the class. That the claims of the Plaintiffs as representative parties are typical of the claims of the class. That the representative parties will fairly and adequately protect the interests of the class. That the questions of law and/or fact herein presented are common to the members of the class and predominate over any questions affecting individual members and a class action is superior to other available methods for the fair and efficient adjudication of this controversy.

(3) That the Defendant is Delta Natural Gas Company, Inc., Route 1, Box 30-A, Lexington Road, Winchester, Kentucky 40391. Defendant is in the business of the purchase, transportation and distribution of natural gas.

(4) That on June 11, 1981, the Defendant filed with the Public Service Commission a Notice of Adjustment of Rates to become effective from and after July 1, 1981.

(5) That among the service areas to be effected by the proposed adjustment of rates were Barbourville, Corbin, Knox County and Whitley County which were previously served by Peoples Gas Company.

(6) That on June 25, July 2, and July 9, 1981, the Defendant did cause to be published in the Barbourville Mountain Advocate formal notices of the proposed rate increases. A copy of the form of the notice is attached hereto as Exhibit A.

(7) That on June 25, July 2 and July 9, 1981 the Defendant did cause to be published in the Corbin Times and Tribune the same aforesaid formal notice. A copy of the form of the notice is attached hereto as Exhibit B.

(8) That the Barbourville Mountain Advocate is the newspaper of general circulation in the Barbourville and Knox County areas. That the Corbin Times and Tribune is the newspaper of general circulation in the Corbin and Whitley County areas.

(9) That on June 18, 1981, seven days before the first publication of the formal notice of proposed rate change in the Barbourville Mountain Advocate the Defendant did provide the said newspaper incomplete and misleading information thereby causing, permitting or allowing the said newspaper to publish as a front page news article that gas rates would increase only 14.3%. That a copy of the news article is attached hereto as Exhibit C.

(10) That on June 22, 1981, three days before the first publication of the formal notice of proposed rate change in the Corbin Times and Tribune, the Defendant did provide the said newspaper incomplete and misleading information thereby causing, permitting or allowing the said newspaper to publish as a front page news article that gas rates would increase only 14.3%. That a copy of the news article is attached hereto as Exhibit D.

(11) That in fact the rate increases which the Defendant proposed and requested approval of were in excess of 50% for the Barbourville, Corbin, Knox County and Whitley County areas served by the Defendant.

(12) That the aforesaid formal notices were in and of themselves technical and lengthy and drawn and given in such a fashion and manner that they did not adequately and reasonably inform the customers of Delta Gas within the Corbin, Barbourville, Knox County and Whitley County areas of the magnitude of the proposed rate change.

(13) That the aforesaid formal notices were tainted and rendered ineffective by the aforesaid misleading news articles preceding them so that the customers of the Defendant within the Corbin, Barbourville, Knox County and Whitley County areas were not adequately and reasonably informed of the magnitude of the proposed rate change.

(14) That reasonable notice of proposed rate changes such as were proposed by Delta Gas is jurisdictional and/or a form of constructive service and because of the defective and ineffective formal notice the rate increases as approved by this commission in case #8256 are invalid and void.

(15) That because of the defective and ineffective formal notices not one of the approximately 8,700 customers formerly served by Peoples Gas, including those within the Barbourville, Corbin, Knox County and Whitley County areas and to be effected by the rate increases in excess of 50% appeared in opposition to the proposed rate increase and therefore the reasonableness of the proposed rates as they effected the previous customers of Peoples Gas was not adequately presented or considered by this commission in case #8256.

(16) That Delta Gas failed to present to this commission in case #8256 a reasonably informative comparative schedule of existing and proposed rates and charges in regard to customers previously served by Peoples Gas. That therefore the magnitude of the proposed rate increases were not reasonably brought to the attention of this commission.

(17) That the record in case #8256 is completely void of any discussion or development of any evidence concerning the effect of the proposed rate increase on the previous customers of Peoples Gas including those within the Barbourville, Corbin, Knox County and Whitley County areas rather the only evidence considered concerned the effect of the proposed rate increase on the Defendant. That the Defendant as a utility is expressly and impliedly charged with the obligation of presenting to this commission a full and complete disclosure of the effects of any proposed rate increase on the customers effected. That this commission is expressly and impliedly charged with the duty of fully investigating the effects of any proposed rate increase on the customers effected. That the Defendant breached this obligation and thereby caused this commission to fail in exercising this obligation.

(18) That at first blush the rate increases proposed and approved in case #8256 which effect the previous customers of Peoples Gas including those within the Barbourville, Corbin, Knox County and Whitley County areas are so excessive as to be shocking to the conscience of reasonable men and are unreasonable and unjust.

(19) That because of the gross, shocking, unreasonable and unjust rate increases unreasonable financial burdens have been imposed on the customers effected which burdens include but are not limited to the following: (1) destruction of budgets; (2) laying off of employes at budgeted institutions; (3) destruction of competitive potential; (4) lowering of heating levels to unhealthy levels; (5) infliction of mental and emotional stress and strain; (6) erosion of savings; and (7) rendering of persons insolvent.

(20) That because of the reasons set forth above the new rates as approved in case #8256 as they apply to the previous customers of Peoples Gas including those within the Barbourville, Corbin, Knox County and Whitley County areas are void, invalid and unenforceable or in the alternative they are unreasonable and should be rescinded.

(21) That the Defendant should refund to the previous customers of Peoples Gas including those within the Barburville, Corbin, Knox County and Whitley County areas the increases in rate allowed in case #8256 or in the alternative this commislon should set aside the increases in rates provided for in case #8256 and re-open those proceedings so as to determine a new reasonable and just rate.

WHEREFORE, the Plaintiffs demand that the rate increases as approved in case #8256 be declared void and ineffective as they effect the previous customers of Peoples Gas Company including the customers within the Barbourville, Corbin, Knox County and Whitley County areas and that the increases in rates be refunded; or in the alternative this commission should set aside the said rate increases and determine a new and reasonable rate as it effects the Plaintiffs and those represented by this class.



SAMUEL E. DAVIES, P.S.C.
P. O. Box 703
Barbourville, Kentucky 40906
(606) 546-5196

and

THOR H. BAHRMAN
206 North Main Street
P. O. Box 724
Corbin, Kentucky 40701
(606) 528-7177

ATTORNEYS FOR COMPLAINANTS

NOTICE

Notice is hereby given that Delta Natural Gas Company, Inc., a Kentucky corporation, did on June 11, 1961, file with the Public Service Commission of Kentucky, at Frankfort, Kentucky, a Notice of Adjustment of Rates to become effective for service supplied from and after July 1, 1961. Said adjusted rates, as proposed applicable in all territory served by Delta Natural Gas Company, Inc., are as follows:

RATE SCHEDULES

Applicability:

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

Availability:

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

Character of Service:

Firm — within the reasonable limits of the company's capability to provide such service.

Rates:

General Service:

Monthly Customer Charge \$5.00 per delivery point per month.

1-5000 Mcf	\$4.15 per Mcf
5001-10000 Mcf	\$3.90 per Mcf
Over 10000 Mcf	\$3.65 per Mcf

Interruptible (see special conditions below):

1-5000 Mcf	\$3.90 per Mcf
5001-10000 Mcf	\$3.65 per Mcf
Over 10000 Mcf	\$3.40 per Mcf

Special Conditions:

All customers having a connected load in excess of 2,500,000 BTU input per hour may be required to enter into an Interruptible Sales Agreement. Determination of those customers required to sign said contract shall be based on peak day use as well as annual volume and shall be at the sole discretion of the company.

Any customer required to enter into an Interruptible Sales Agreement shall be permitted to purchase gas under the Interruptible Rate Schedule above. Gas requirements, minimum charges and other specific information shall be set forth as in the

of gas or a supplier refund, the Applicant shall file with this Commission the following information as applicable:

1. A copy of the Federal Energy Commission tariff or wholesale tariff of this Commission effecting the change in the wholesale cost of gas and a statement relative to the effective date of such proposed change.

2. A statement setting out the details of gas purchased under the provision of the Base Supplier Rate for the previous 12 months showing billing under the rate applicable to this service.

3. A statement setting out the details of gas sold for the previous 12 months.

4. A balance sheet as of the end of the latest 12-month period and a statement of operating expenses and revenues.

5. Such other information as this Commission may request for a proper determination of the purchased gas adjustment.

Upon receipt of this information, this Commission will review the effect of the revised rate on the operation of the Applicant and will issue its Order setting out the purchased gas adjustment that the Utility shall apply to its rates.

On and after the effective date of this rate schedule, if any increase or decrease is made in the Company's average wholesale suppliers or changes in the rates at which the Company's gas suppliers sell gas to the Company, the unit charges of the aforesaid rate schedule shall be increased or decreased by a Purchased Gas Adjustment determined as follows:

1. Gas purchases (volume) will be determined by the Company for a period of 12 calendar months ending within three months preceding the month of the effective date of the change in the average wholesale cost per Mcf. The average cost of such purchases shall be calculated at the New Supplier Rate.

2. The Base Supplier Rate shall be equivalent to the average cost of gas per Mcf as set forth in the Order in the last preceding General Rate Case. The New Supplier Rate shall be the quotient determined by dividing the said 12 months volumes into the said 12 months volumes per supplier times the current supplier rates respectively.

3. The difference per Mcf determined by deducting the Base Supplier Rate from the New Supplier Rate shall be added to the unit rate per Mcf set forth in the rate schedule.

BUDGET PAYMENT PLAN

The Company has a budget plan available for the convenience of its residential customers. The plan is designed to help equalize payment for gas service over a period of months, normally May through April. On the last month of the budget payment period (April), appropriate adjustments shall be made relative to any difference in the customer's total payments and actual usage billing amounts. Any resultant overpayment shall be refunded on the April bill or future bills thereafter until refunded. Any resultant underpayment shall appear on the April bill and be due with the payment of such bill. The customer's accounts will be reviewed periodically and the monthly payment amount may be adjusted during the budget period.

To be accepted as a budget customer, the account balance must be paid in total before the customer is put on budget payment. It is understood that this budget payment plan will continue until the customer notifies the Company in writing or by telephone to discontinue the plan or the customer defaults in payment of such plan.

LOCAL FRANCHISE FEE OR TAX

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or other similar fee or tax now or hereafter agreed to or imposed upon the Company by local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues of the Company. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the charges or taxes applicable to each customer shall be added to the customer's bill as separately identified items.

The rates contained in this Notice are the rates proposed by Delta Natural Gas Company, Inc. However, the Public Service Commission may, after evidentiary hearings, order rates to be charged that differ from these proposed rates. Such action may result in an increase in rates for consumers other than those rates included in this Notice.

Any person desiring further information with respect to the proposed rates, or any other information given below, or the Public

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tions:

Collection Charge: A charge of \$15.00 will be levied when a trip is made to collect a delinquent bill. A collection trip may be made only after written notice has been sent to the customer stating that if the bill is not paid by a certain date, the service will be disconnected.

Reconnection Charge: A reconnection charge of \$30.00 to be made by the Company and paid by the customer before or at the time the service is reconnected, shall be assessed as approved by the Public Service Commission when:

(a) the customer's service has been discontinued for non-payment of bills or for violation of the Commission's or Company's Rules or Regulations, and the customer has qualified for and requested service to be reconnected, or

(b) the customer's service has been disconnected at the customer's request and at any time subsequently within twelve (12) months is reconnected at the same premise.

Request Test Charge:

Pursuant to 807 KAR 5:006E Section 19 the Company shall make a test of any meter upon written request of any customer provided such request is not made more frequently than once each twelve (12) months. The customer shall be given the opportunity of being present at such request tests. If such tests show that the meter was not more than two (2) percent fast, the Company may make a reasonable charge for the test. The test charge is based upon meter size and is as follows:

1,000 cubic feet per hour and under	\$4.00
Over 1,000 to 10,000	\$8.00
Over 10,000	\$12.00

PURCHASED GAS ADJUSTMENT CLAUSE

The rates authorized herein are based upon the average wholesale cost of gas per thousand cubic feet (Mcf) to the Applicant as computed upon rates of its wholesale suppliers currently in effect under Federal Energy Regulatory Commission tariffs for interstate business or under wholesale tariffs of this Commission. The average wholesale cost of gas is calculated by multiplying these suppliers' rates times the respective volumes purchased from the various suppliers whose wholesale rates are referenced herein divided by the total Mcf purchases during the test period. For the purpose of this Purchased Gas Adjustment Clause, these rates shall be considered in calculating the New Supplier Rate for future purchased gas payments. In the event there is a

In the event the Company receives from any supplier a refund of amounts paid to that supplier in respect of a prior period, the Company shall firstly apply the refund amount as an offset to any amounts due the Company as represented by a debit balance in the account, Purchased Gas Refunds Payable to Customers. After eliminating the debit balance in the account, the Company shall apply to the Commission for authority to refund the remaining balance and upon receipt thereof make adjustment on the amounts charged to its customers under the provision as follows:

1. The "Refundable Amount" shall be the amount received by the Company as a refund less the amount applied to the account, Purchased Gas Refunds Payable to Customers, to offset amounts due the Company. Such Refundable Amount shall be divided by the Mcf of gas that the Company estimates it will sell to its customers during the four-month period commencing with the first day of the month following receipt of the refund, thus determining a "Refund Factor."

2. Effective with meter readings taken on and after the first day of the second month following receipt of the refund, the Company will reduce by the Refund Factor so determined the tariff rates that would otherwise be applicable during such period. Provided, however, that the period of reduced Purchased Gas Adjustment will be adjusted, if necessary, in order to refund as nearly as possible the Refundable Amount.

3. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

TRANSPORTATION OF GAS FOR OTHER

Applicable:

Within the area served by the Company.

Availability:

Available to anyone whose facilities connect or can be made to connect with the Company's facilities and who desires has to be transported by the Company. Further, the person or persons desiring such transportation shall have executed a contract with the Company as set forth under the terms and conditions of this tariff.

Rate:

The charge for service under this tariff shall be twenty-five cents (\$0.25) per 1000 cu. ft. of gas transported, by additions or modifications of the Company's facilities required to perform this service shall be at the sole

Public Service Commission, 730 Schenkel Lane, Frankfort, Kentucky, on the 16th day of July, 1981, at the hour of 10:00 A.M. Eastern Daylight Time, to determine the reasonableness of the proposed rates.

Delta Natural Gas Company, Inc.
Route 1, Box 30-A
Lexington Road
Winchester, Ky. 40391
301c

NOTICE OF INTENTION TO MINE

NOTICE OF INTENTION TO MINE

In accordance with the provisions of KRS 350.055, notice is hereby given that Dee Dee Mining Co., P.O. Box 80, Gray, Ky. 40734, intends to file an application for the surface disturbance mining of approximately 19.8 acres located northwest of Girdler in Knox County. The proposed operation is approximately 1 mile west of S.R. 11's junction with 1304 and located northeast of Collins Fork, Lat. 36 deg. 57' 23", Long. 83 deg. 51' 35". The surface of the area to be mined is owned by Gene Carty. A brief description of the kind of mining activity proposed is surface strip mining. The application will be filed at the Bureau of Surface Mining Reclamation and Enforcement Middlesboro Area Office, Middlesboro, Ky. 40965.

Persons wishing to file written objections and/or request a formal administrative hearing in regard to the above described surface mine should notify the Department for Natural Resources and Environmental Protection within 30 days of the date of this notice. A copy of the newspaper clipping must be attached to the written objection. The objection or request for a hearing will reference application number 061-0178. Such objection or request must be in accordance with KRS 204.001(3) and must be forwarded to the Director of Permits, Bureau of Surface Mining Reclamation and Enforcement, Capital Plaza Tower, Frankfort, Ky. 40601.
301c

SETTLEMENT NOTICE

Periodical settlement for Mary Bennett has been filed. All persons having claims against said Mary Burnett, please file same with the undersigned before the 17th day of July, 1981.

Floyd Sowders, Circuit Court Clerk
Sheila Mills, D.C.

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NOTICE

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RATE SCHEDULES

APPLICABILITY:

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

AVAILABILITY:

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

CHARACTER OF SERVICE:

Firm — within the reasonable limits of the company's capability to provide such service.

RATES:

General Service —

Monthly Customer Charge	\$5.00 per delivery point per month
1-5000 Mcf	\$4.15 per Mcf
5001-10000 Mcf	\$3.90 per Mcf
Over 10000 Mcf	\$3.65 per Mcf

Interruptible -

1-5000 Mcf	\$3.90 per Mcf
5001-10000 Mcf	\$3.65 per Mcf
Over 10000 Mcf	\$3.40 per Mcf

-Special Conditions:

All customers having a connected load in excess of 2,500,000 BTU input per hour may be required to enter into an Interruptible Sales Agreement. Determination of those customers required to sign said contract shall be based on peak day use as well as annual volume and shall be at the sole discretion of the company.

Any customer required to enter into an Interruptible Sales Agreement shall be permitted to purchase gas under the Interruptible Rate Schedule above. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

SPECIAL CHARGES:

In accordance with 807 KAR 8:008E Section 12 the following charges shall be applied under the following conditions:

Collection Charge: A charge of \$15.00 will be levied when a trip is made to collect a delinquent bill. A collection trip may be made only after written notice has been sent to the customer stating that if the bill is not paid by a certain date, the service will be disconnected.

Reconnection Charge: A reconnection charge of \$20.00 to be made by the Company and paid by the customer before or at the time the service is reconnected, shall be assessed as approved by the Public Service Commission when:

- (a) the customer's service has been disconnected for non-payment of bills or for violation of the Commission's or Company's Rules or Regulations, and the customer has qualified for and requested service to be reconnected, or
- (b) the customer's service has been disconnected at the customer's request and at any time subsequently within twelve (12) months is reconnected at the same premises.

any increase or decrease is made in the Company's average wholesale cost per Mcf due to changes in the volumes purchased from various suppliers or changes in the rates at which the Company's gas suppliers sell gas to the Company, the unit charges of the aforesaid rate schedule shall be increased or decreased by a Purchased Gas Adjustment determined as follows:

1. Gas purchases (volume) will be determined by the Company for a period of twelve calendar months ending within three months preceding the month of the effective date of the change in the average wholesale cost per Mcf. The average cost of such purchases shall be calculated at the New Supplier Rate.
2. The Base Supplier Rate shall be equivalent to the average cost of gas per Mcf as set forth in the Order in the last preceding General Rate Case. The New Supplier Rate shall be the quotient determined by dividing the said 12 months volumes into the said 12 months volumes per supplier times the current supplier rates respectively.
3. The difference per Mcf determined by deducting the Base Supplier Rate from the New Supplier Rate shall be added to the retail rate per Mcf set forth in the Order in the last preceding General Rate Case to determine the revised rate per Mcf to be applied to sales on and after the requested effective date.

In the event the Company receives from any supplier a refund of amounts paid to that supplier in respect of a prior period, the Company shall firstly apply the refund amount as an offset to any amounts due the Company as represented by a debit balance in the account, Purchased Gas Refunds Payable to Customers. After eliminating the debit balance in the account, the Company shall apply to the Commission for authority to refund the remaining balance and upon receipt thereof make adjustment on the amounts charged of its customers under the provision as follows:

1. The "Refundable Amount" shall be the amount received by the Company as a refund less the amount applied to the account, Purchased Gas Refunds Payable to Customers, to offset amounts due the Company. Such Refundable Amount shall be divided by the Mcf of gas that the Company estimates it will sell to its customers during the four-month period commencing with the first day of the month following receipt of the refund, thus determining a "Refund Factor."
2. Effective with meter readings taken on and after the first day of the second month following receipt of the refund, the Company will reduce by the Refund Factor so determined the tariff rates that would otherwise be applicable during such period. Provided, however, that the period of reduced Purchased Gas Adjustment will be adjusted, if necessary, in order to refund as nearly as possible the Refundable Amount.
3. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

TRANSPORTATION OF GAS FOR OTHERS

APPLICABLE:

Within the area served by the Company.

AVAILABILITY:

Available to anyone whose facilities connect or can be made to connect with the Company's facilities and who desires gas to be transported by the Company. Further, the person or persons desiring such transportation shall have executed a contract with the Company as set forth under the terms and conditions of this tariff.

RATE:

The charge for service under this tariff shall be twenty-five cents (\$0.25) per 1000 cu. ft. of gas transported. Any additions or modifications of the Company's facilities required to perform this service shall be at the sole expense of the customer.

REQUEST TEST CHARGE:

Pursuant to 807 KAR 6:0002 Section 19 the Company shall make a test of any meter upon written request of any customer provided such request is not made more frequently than once each twelve (12) months. The customer shall be given the opportunity of being present at such request tests. If such tests show that the meter was not more than two percent (2 percent) fast, the Company may make a reasonable charge for the test. The test charge is based upon meter size and is as follows:

1,000 cubic feet per hour and under	\$4.00
Over 1,000 to 10,000	\$8.00
Over 10,000	\$12.00

PURCHASED GAS ADJUSTMENT CLAUSE

The rates authorized herein are based upon the average wholesale cost of gas per thousand cubic foot (Mcf) to the Applicant as computed upon rates of its wholesale suppliers currently in effect under Federal Energy Regulatory Commission tariffs for interstate business or under wholesale tariffs of this Commission. The average wholesale cost of gas is calculated by multiplying these suppliers' rates times the respective volumes purchased from the various suppliers whose wholesale rates are referenced herein divided by the total Mcf purchases during the test period. For the purpose of this Purchased Gas Adjustment Clause, these rates shall be considered in calculating the New Supplier Rate for future purchased gas adjustments. In the event there is a change in the average wholesale cost of gas or a supplier refund, the Applicant shall file with this Commission the following information as applicable:

1. A copy of the Federal Energy Regulatory Commission tariff or wholesale tariff of this Commission effecting the change in the wholesale cost of gas and a statement relative to the effective date of such proposed change.
2. A statement setting out the details of gas purchased under the provision of the Base Supplier Rate for the previous twelve months showing billing under the Base Supplier Rate and under the proposed revised rate applicable to this service.
3. A statement setting out the details of gas sold for the previous twelve months.
4. A balance sheet as of the end of the latest twelve-month period and a statement of operating expenses and revenues.
5. Such other information as this Commission may request for a proper determination of the purchased gas adjustment.

Upon receipt of this information, this Commission will review the effect of the revised rate on the operation of the Applicant and will issue its Order setting out the purchased gas adjustment that the Utility shall apply to its rates.

On and after the effective date of this rate schedule, if

BUDGET PAYMENT PLAN

The Company has a budget plan available for the convenience of its residential customers. The plan is designed to help equalize payment for gas service over a period of months, normally May through April. On the last month of the budget payment period (April), appropriate adjustments shall be made relative to any difference in the customer's total payments and actual usage billing amounts. Any resultant overpayment shall be refunded on the April bill or future bills thereafter until refunded. Any resultant underpayment shall appear on the April bill and be due with the payment of such bill. The customer's accounts will be reviewed periodically and the monthly payment amount may be adjusted during the budget period.

To be accepted as a budget customer, the account balance must be paid in total before the customer is put on budget payment. It is understood that this budget payment plan will continue until the customer notifies the Company in writing or by telephone to discontinue the plan or the customer defaults in payment of such plan.

LOCAL FRANCHISE FEE OR TAX

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or other similar fee or tax now or hereafter agreed to or imposed upon the Company by local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues of the Company. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the charges or taxes applicable to each customer shall be added to the customer's bill as separately identified items.

The rates contained in this Notice are the rates proposed by Delta Natural Gas Company, Inc. However, the Public Service Commission may, after evidentiary hearings, order rates to be charged that differ from these proposed rates. Such action may result in an increase in rates for consumers other than those rates included in this Notice.

Any person desiring further information with respect to the proposed rates may contact Delta's offices at the address given below or the Public Service Commission at Frankfort, Kentucky.

Notice is further given that a hearing will be held in the offices of the Public Service Commission, 730 Schenkel Lane, Frankfort, Kentucky, on the 16th day of July, 1981, at the hour of 10:00 A.M. Eastern Daylight Time, to determine the reasonableness of the proposed rates.

DELTA NATURAL GAS COMPANY, INC.
Route No. 1, Box 30-A
Lexington Road
Winchester, Kentucky 40391

EXHIBIT B

New gas co. asks rate hike, pledges service

The new gas company that is serving Barbourville and Knox County announced Friday that it will seek a rate increase of 14.3 percent.

If approved in full, Delta Natural Gas Co. of Winchester said, it would increase the average customer's bill by about \$8.40 a month.

Just two days earlier last week, some of the company's top people came to Barbourville for a public meeting which, in effect, was for the purpose of telling customers that there will be some changes made here in the future in many areas.

Delta recently purchased Peoples Gas Co. which had served Barbourville from Wiser Oil Co. and also Gas Service Co., which served Knox County, from a Wichita, Kan., firm.

WHAT THE COMPANY appeared to want to get across was this:

1. If a home in the county wants natural gas service, Delta will be quick to look into whether it can be provided.

2. They're going to go ahead "aggressively" with replacing old low-pressure gas lines in the city in order to get equal gas pressure to everybody. The new meters will be put in "at a

position mutually agreeable between the customer and the company."

2. "We think customers come first. We may be the only gas company in town, but we sure as hell don't act like it. We're going to give you our telephone numbers, and if you can't find the people you want, try me," said H. D. Peet, president.

4. ANYTHING THE COMPANY can do to assist economic development of the area by means of making natural gas available, Delta is interested in doing.

The Winchester firm, a \$21 million-a-year business which is not owned by any other corporation, came to town June 10 and held the public meeting at Della's Restaurant.

On hand were Mr. Peet, the president; Bob Hazebigg, the marketing manager, and Julia Adams, the ombudsman, among others. Mrs. Adams made it apparent quickly that she's available to listen to complaints about anything over a toll-free telephone line to Winchester. Her number is 1-800-252-2012.

Delta serves the area up I-75 from Williamsburg to Berea as well as

(Continued on Page 16A)

same thing. Henry Brown used to be his "brother," Mr. Ballards said "and if you sit with him long enough he'll call you 'brother' too."

In 1961, there is even a Mr. General, who is a country singer running now for magistrate in Democrat.

Henry lives with his eighth wife who said she used to be known as Carrie Hobbs. Before her, she said Henry had married seven times.

In 1967, author Fetterman wrote that Henry had "raised eight separ-

Suit

Bribery charged in attorney race

The unsuccessful candidate county attorney on the Republican ballot in the May 26 primary filed a suit in Knox Circuit Court last week against the winner of the nomination, John C. Dixon.

Kenneth Boggs, who lost the election by 157 votes, charged that "bribery of votes was rampant among other alleged violations. He also charged that there were violations of voting statutes that were "violent and flagrantly committed" in the following precincts:

Rosenwald, Trooper, S. Flat Lick, N. Flat Lick, Dewitt, Girdler, Gray, Corbin, Engle, Reese, Wilton and Poplar Creek.

IN HIS CIVIL SUIT, which was filed June 10, Mr. Boggs asked that Mr. Dixon's nomination be declared

Gas co. asks rate hike

(Continued from Front Page)
Middlesboro, Pineville, Corbin and communities around Lexington and east on I-64. In all, the company serves 22 counties in Kentucky.

The service and public relations problems that Peoples in particular has had in recent years in Barbourville were very much on Mr. Peet's mind during an interview.

He noted that Peoples was formerly owned by Wisner, an oil and gas firm, and as was the case with Gas Service Co. and its owner, the local companies were "strictly a fringe operation" for both the owners, who were "not utility people.

"Peoples was understaffed," Mr. Peet said, and Delta is putting in "some active management and new people for service work."

Delta also is aware that "Peoples did not have the best public relations, and we're going to try to improve that. We're trying to reach school people here to be receptive to complaints. We think the customer comes first."

PEOPLES' FORMER owner, Wisner, Mr. Peet remarked at one point, "was caught in a tax squeeze and tried not to let Peoples' revenue get over a certain point. The whole thing (was) held down to get them out of a tax problem. They were operating with a skeleton crew."

Delta's ombudsman, Mrs. Adams, who also spoke at the meeting, is "not a Delta employee," Mr. Peet continued. "She's pitching for the customers. She always reminds us of how the customer would feel.

For her part, Mrs. Adams said that Delta "is very aware that there were customers' needs that weren't being responded to. Delta wants to hear about your problems."

As is the case with Barbourville Water & Electric Co., it was explained, gas bills will continue to have a "purchase gas adjustment charge" which will be passed on to customers. This charge reflects any increases in the cost of gas that Delta purchases from Columbia Gas.

THE DIFFERENCE between gas companies and electric companies, Mr. Peet said, is that the latter buy their power indirectly from coal companies, and there is no one to rule on the price they must pay other than the forces of supply and demand. Gas suppliers, he said, must apply to the federal government to change their prices.

At present, Mr. Peet said, Delta has a surplus of gas available and is actually selling it to its supplier. One effect of this is, he said, that gas should be readily available for any persons who want to build new homes. Compared with electricity, he contended, gas is still the least expensive energy source in the country.

Mr. Peet said that the days of small gas companies "are just about gone," and he thought his company could bring to bear "a lot of technical ability and an aggressive approach. We're here to stay."

As for the request to the state for a rate increase, Mr. Peet said that Delta had not had an increase for two years and Peoples had not had one for five years.

Company officials noted, finally, that customers should talk to the local office, which still has the Peoples Gas number in the phone book, on complaints and requests, and then use the toll-free number to the Winchester headquarters if they are still unsatisfied.



With their haul from a trailer on C marijuana plant on top of the be Hubert Sprinkles, Carolyn Reese Jim Carter.

Knox County tops \$3 mi.

Knox County's new budget, which was approved last Friday in Frankfort, will be the largest ever — over a million — but it actually sets aside less funds to be spent on roads and bridges than does the budget in the current year which ends June 30.

The figures are close. In the current year, the road and bridge part of the budget hits \$650,637, while the budgeted amount is \$648,248.

However, according to Judge Executive Don I. Bingham, the current road program is in "the best shape ever been in." This is due, he said, to the county's receiving \$110,000 more than what was anticipated for road fiscal year '80-81. The judge thinks the new budget estimate is more on target and reflects what the county actually get for roads.

The budget received its reading on June 9 at fiscal court.

THE OVERALL BUDGET is some \$200,000 from the current year budget of \$2,930,668.70 to the

A talk with Henry Brown

6-22-81

New firm Area gas company requests 14.3 percent rate increase

Delta Natural Gas Co. is seeking a 14.3 percent rate increase which the Winchester-based company says will help it stem the tide of inflation and better serve its customers.

The company's public relations director, Nell Waller, said Monday that, if approved, the rate hike will increase the average residential customer's monthly bill by about \$6.40.

Waller said the rate increase is being sought "primarily to meet higher operating costs caused by inflation and to allow the company to maintain a high degree of operation."

She said the request for the rate hike was made to the state Energy Regulatory Commission on June 11. The commission scheduled a hearing on the request for July 16 in Frankfurt, she added.

On the day before the rate request was filed, Delta officials called a public meeting in Barbourville, at which they detailed changes which are planned for their new service area.

(Delta recently purchased Peoples Gas Co. of Kentucky and Gas Service Co. and now serves customers in and around Barbourville, Corbin, Williamsburg, London, Manchester, Pineville and Middlesboro.)

The company officials assured the handful of citizens who attended the Barbourville meeting that the company will be quick to look into the possibility of extending gas service when a homeowner requests it.

Delta will "aggressively" continue replacing old low-pressure gas lines in Barbourville in order to offer equal gas pressure to all its customers. The new meters will be installed "at a position mutually agreeable between the customer and the company."

The company is interested in doing anything it can to assist economic development in the area by making natural gas available.

Company president H.D. Peet said customers will "come first", and that Delta will not fall into the public relations tangle that plagued its predecessor, Peoples Gas.

Delta's ombudsman, Julia Adams, said the company is "very aware that there were customers' needs that weren't being responded to. Delta wants to hear about your problems."

The officials said customers should make requests and complaints to Delta's local offices, which in some communities remain listed in the phone book under the Peoples Gas number.

If customers are dissatisfied with the local response, they may call the Winchester headquarters toll-free at 1-800-282-2012.