

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	CASE NO. 9331-L
ADJUSTMENT FILING OF DELTA)	CASE NO. 9331-M
NATURAL GAS COMPANY, INC.)	

O R D E R

On September 28, 1988 and January 3, 1989, in gas cost adjustment ("GCA") cases 9331-L and 9331-M, respectively, Delta Natural Gas Company, Inc. ("Delta") filed for recovery of take-or-pay ("T-O-P") billings from its wholesale suppliers. The rates proposed by Delta, including recovery of T-O-P costs, were approved subject to refund pending the Commission's decision on appropriate recovery methodology for Delta.

To aid the Commission in its investigation, Delta should supply the following information:

1. The amount of T-O-P billings charged, by month, from each supplier for each month such billings have been received. Include related tariff sheets. Also provide actual recovery of T-O-P billings from Delta customers for each month.

2. For each GCA filing since first receipt of T-O-P billings:

a. Provide an annualized T-O-P cost realized by Delta by multiplying the current month's billing (at the time of the filing) by 12 or 6, whichever is appropriate depending on supplier's amortization period.

b. Divide annualized T-O-P charges from "a" by 12 months' total throughput (sales plus all transportation volumes) to arrive at a per MCF T-O-P recovery component.

c. Provide any alternate calculation of a T-O-P recovery component which, in Delta's estimation, might be better suited to Delta's service offerings and customer categories.

d. For "b" and "c" above, provide the amount that would have been allocated to transportation customers, which was actually recovered from sales customers. Provide a calculation showing a refund credit that would return this portion of T-O-P billings to sales customers.

3. Sales and transportation volumes (broken down by on-system and off-system) for each month since first T-O-P billing.

4. The Commission's decision in approving T-O-P recovery for the other Class A LDCs in Kentucky has been that transportation volumes shall be included, with the possible exception of flex transportation volumes. Please comment on the application of this approach in the recovery of Delta's T-O-P charges. Provide any documentation or supplemental data that may be available to illustrate or support Delta's position.

IT IS THEREFORE ORDERED that Delta shall file the information requested herein within 20 days of the date of this Order.

Done at Frankfort, Kentucky, this 8th day of March, 1989.

PUBLIC SERVICE COMMISSION


For The Commission

ATTEST:

Executive Director