

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL)
GAS COMPANY, INC. FOR AN ORDER)
AUTHORIZING IT TO AMEND ITS TARIFF)
AND FOR AUTHORITY TO DEVIATE FROM) CASE NO. 89-041
COMMISSION RULES, IN ORDER TO)
PERMIT COMPANY OWNERSHIP OF)
CUSTOMER SERVICE LINES)

O R D E R

On February 16, 1989, Delta Natural Gas Company, Inc. ("Delta") filed a tariff with the Commission that would, if approved, allow Delta to deviate from Commission Regulation 807 KAR 5:022, Section 9(17)(a)(2). The proposed deviation would permit Delta, rather than its customers, to be responsible for the ownership and maintenance of service lines.

The Commission is of the opinion and finds that to consider the reasonableness of this tariff filing, it is necessary to establish a formal case. Additional information is required for adequate and proper consideration of this requested deviation.

IT IS THEREFORE ORDERED that Delta shall file an original and seven copies of the following information with the Commission, with a copy to all parties of record, no later than 14 days from the date of this Order.

1. Provide a brief description of Delta's proposal including the target date to commence, estimated number of service

lines to be annexed on a yearly basis, and the estimated number of years to complete the annexation.

2. Provide a complete analysis of the benefits of the proposal to Delta's customers and to the company. Include copies of any studies performed by Delta or consultants which reflect economic or other benefits to the customer and the utility.

3. Provide an estimate of the rate impact of this proposal to Delta's customers including the annual impact and the total project impact.

4. Provide the cost estimates and supporting workpapers of the service lines to be replaced as to the following:

- a. Individual service line
- b. Annual service lines
- c. Total project service lines

5. Provide the yearly impact on Delta's revenue over the estimated life of the project.

6. Provide information related to the installation of service lines and whether the installation will be carried out by contractors or by Delta employees.

7. Has Delta published notice to its customers regarding its application to the Commission to implement this program? If yes, please provide a copy of the notice.

8. What is the impact of the proposed program on the:

- a. Liability insurance;
- b. Type of easement that Delta will request from its customers; and

c. Type of services Delta will offer to its customers?

9. Provide cost estimates and supporting workpapers for new lines to be added on an annual basis.

10. Provide a complete explanation of the basis for the proposal to change the ownership and maintenance of service lines.

11. a. What is the average length of a service line to be installed or replaced under Delta's proposal?

b. Specifically, what guidelines will Delta use in determining whether a customer would pay for a line in excess of 100 feet (i.e., cost, location, etc.)?

12. Provide an analysis showing the impact of Delta's proposal on its financial statements for the next 5 years (from date of implementation). Provide detailed workpapers and descriptions of the forecasted amounts.

13. Provide proposed journal entries and descriptions for the following, using estimated costs for a 100-foot line:

a. Installation of a new line (include any related accounts where entries will be made and/or adjusting entries for each year).

b. Replacement of an existing line (include any related accounts where entries will be made and/or adjusting entries for each year).

14. Also provide the above journal entries for a line that exceeds 100 feet, if different than the aforementioned question.

15. a. Does Delta anticipate hiring any new employees as a result of implementing the plan?

b. Will any contract labor be used if the plan is approved?

c. If yes to (a) or (b), provide the annual dollar impact.

Done at Frankfort, Kentucky, this 28th day of March, 1989.

PUBLIC SERVICE COMMISSION



For The Commission

ATTEST:

Executive Director