

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On December 19, 1985, the Commission issued its Order in Case No. 9331 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the Gas Cost Adjustment ("GCA") Clause set forth therein.

On December 28, 1989, Delta Natural Gas Company, Inc. ("Delta") filed its quarterly GCA, which is to become effective February 1, 1990 and is to remain in effect until May 1, 1990.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

(1) Delta's notice of December 28, 1989 set out certain revisions in rates which Delta proposed to place into effect, said rates being designed to pass on to its customers the wholesale increase in gas costs from its suppliers in the amount of 6.0 cents per Mcf, excluding take-or-pay billings. Delta's expected gas cost for the quarter beginning February 1, 1990 is \$3.1899 per Mcf.

(2) Delta's notice set out a total refund adjustment of .44 cents per Mcf. This adjustment is composed of past refund adjustments that are still in effect with no refund adjustment for the current quarter. The change in the total refund adjustment from the previous to the current GCA filing results in a 2.33 cent per Mcf increase in Delta's retail rates.

(3) Delta's notice set out a current quarter actual adjustment in the amount of 6.0 cents per Mcf to compensate for under-recovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of August, September, and October 1989. The total actual adjustment of (4.38) cents per Mcf, which is designed to correct the current under-collection as well as under- and over-collections from three previous quarters, results in a 13.95 cent per Mcf reduction in Delta's retail rates.

(4) Delta's notice set out a balance adjustment of (.46) cents per Mcf, to replace the previous adjustment of (.33) cents per Mcf. Delta incorrectly calculated its balance adjustment; the adjustment should be (.51) cents per Mcf. This balance adjustment compensates for over-collections which occurred as a result of previous gas cost, actual, refund, and balance adjustments. The effect on retail rates is an .18 cent per Mcf decrease.

(5) The combined effect of the above adjustments is Delta's corrected gas cost recovery rate ("GCR") in the amount of \$3.2227 per Mcf, which is a decrease from its last approved GCR in the amount of 4.73 cents per Mcf. This includes a take-or-pay recovery component of 8.61 cents per Mcf, which increased 1.07

cents per Mcf from its last GCR filing. This is a corrected take-or-pay component; Delta had incorrectly calculated its component. Delta should be prepared to support the amount of its take-or-pay actual adjustment at the time of its next field review.

(6) Delta's corrected adjustment in rates contained in the Appendix to this Order is made pursuant to the GCA provisions approved by the Commission in its Order in Case No. 9331 dated December 19, 1985 and should be approved to be effective with final meter readings on and after February 1, 1990.

(7) In Delta's filing dated December 28, 1990, Delta requested confidentiality for Schedule VI. Confidentiality will be granted on an interim basis pending the Commission's review of all gas supply confidentiality requests.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are hereby approved effective with final meter readings on and after February 1, 1990.

(2) The gas cost recovery rate shall be \$3.2227 per Mcf effective with final meter readings on and after February 1, 1990.

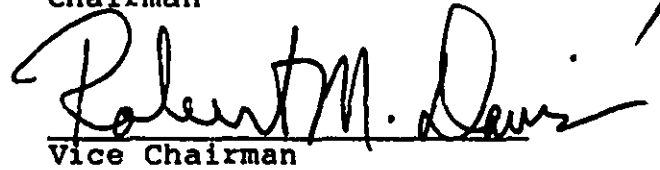
(3) Within 30 days of the date of this Order, Delta shall file with this Commission its revised tariffs setting out the rates authorized herein.

(4) Delta's request for confidentiality is hereby granted on an interim basis pending Commission review of all gas supply confidentiality requests.

Done at Frankfort, Kentucky, this 1st day of February, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9331-Q DATED 2/01/90

The following rates and charges are prescribed for the customers 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 this Commission prior to the date of this Order.

RATE SCHEDULES

AVAILABILITY

Available for general use by residential, commercial, and industrial customers who purchase their entire natural gas requirements from Delta.

RATES

	Base Rate	Gas Cost Recovery Rate	Total
	plus		equals
General Service			
Monthly Customer Charge			\$3.98
1 - 1,000 Mcf	\$2.0379	\$3.2227	\$5.2606 per Mcf
1,001 - 5,000 Mcf	1.8920	3.2227	5.1147 per Mcf
5,001 - 10,000 Mcf	1.5858	3.2227	4.8085 per Mcf
Over 10,000 Mcf	1.2795	3.2227	4.5022 per Mcf
Interruptible (2)			
1 - 1,000 Mcf	\$1.7826	\$3.2227	\$5.0053 per Mcf
1,001 - 5,000 Mcf	1.6368	3.2227	4.8595 per Mcf
5,001 - 10,000 Mcf	1.3306	3.2227	4.5533 per Mcf
Over 10,000 Mcf	1.0243	3.2227	4.2470 per Mcf
Transportation of Gas for Others			
On-System Utilization			

To the applicable rates and charges in effect for on-system transportation customers shall be added a take-or-pay recovery component of \$.0861 per Mcf.