

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF DELTA)
NATURAL GAS COMPANY, INC.) CASE NO. 99-176-A

ORDER

On December 27, 1999, in Case No. 99-176, the Commission approved certain adjusted rates for Delta Natural Gas Company, Inc. ("Delta") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On December 30, 1999, Delta filed its GCA to be effective from February 1, 2000 to April 30, 2000.

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

1. Delta's notice proposes revised rates designed to pass on its expected decreased wholesale gas costs to its customers. Delta's proposed expected gas cost ("EGC") is \$3.4352 per Mcf, excluding take-or-pay billings. This EGC is 80.49 cents per Mcf lower than the previous EGC.

2. Delta's notice sets out a current quarter refund adjustment of (.46) cent per Mcf to return a supplier refund of \$17,506 including interest. Delta has no other supplier refunds from the three previous quarters.

3. Delta's notice sets out a current quarter actual adjustment ("AA") of 41.12 cents per Mcf to collect under-recovered gas cost from August, September and October 1999. The proposed total AA of 4.88 cents per Mcf reflects the current under-collection, as well as under- and over-collections from three previous quarters, and represents an increase of 23.53 cents per Mcf from the previous total AA.

4. Delta's notice sets out a balance adjustment ("BA") of 7.47 cents per Mcf to collect \$127,065 of net under-collections which occurred as a result of previous adjustments. Delta incorrectly calculated its balance adjustment for prior supplier refunds. Correcting for this error produces a net under-collection of \$42,198 representing a current balance adjustment of 2.48 cents per Mcf. This BA is 15.90 cents per Mcf more than the previous BA.

5. These adjustments produce a gas cost recovery rate ("GCR") of \$3.5042 per Mcf, 41.52 cents per Mcf less than the previous GCR of \$3.9194 per Mcf.

6. The rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved for final meter readings on and after February 1, 2000.

7. Delta requests confidentiality for Schedule VI, which contains business information required by the Commission pertaining to Delta's subsidiaries. Delta Resources, Inc. and Delgasco engage in unregulated, competitive activities. Competitors of these subsidiaries could use business information of these subsidiaries to place themselves in an advantageous position vis-à-vis the subsidiaries and Delta. Thus, disclosure of the information is likely to cause Delta and these subsidiaries competitive injury and should be protected.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Delta are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for final meter readings on and after February 1, 2000.
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 granted.

Done at Frankfort, Kentucky, this 27th day of January, 2000.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-176-A DATED JANUARY 27, 2000

The following rates and charges are prescribed for the customers in the area 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 effective date of this Order.

RATE SCHEDULES

AVAILABILITY

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

RATES

	<u>Base Rate</u>	plus	<u>Gas Cost Recovery Rate</u>	equals	<u>Total Rate</u>
Residential					
Monthly Service Charge	\$ 8.00				
All Mcf	\$3.6224		3.5042		\$ 7.1266
Small Non-Residential					
Monthly Service Charge	\$ 17.00				
First 200 Mcf	3.6224		3.5042		\$ 7.1266
Next 800 Mcf	2.4000		3.5042		5.9042
Over 1,000 Mcf	2.0495		3.5042		5.5537
Large Non-Residential					
Monthly Service Charge	\$ 50.00				
First 200 Mcf	\$ 3.6224		3.5042		\$ 7.1266
Next 800 Mcf	2.0063		3.5042		5.5105
Next 4,000 Mcf	1.3190		3.5042		4.8232
Next 5,000 Mcf	.9190		3.5042		4.4232
Over 10,000 Mcf	.7190		3.5042		4.2232

Interruptible

Monthly Service Charge		\$ 250.00		
First 1,000 Mcf		\$ 1.6000	\$3.5042	\$ 5.1042
Next 4,000 Mcf		1.2000	3.5042	4.7042
Next 5,000 Mcf		.8000	3.5042	4.3042
Over 10,000 Mcf		.6000	3.5042	4.1042