CASE NUMBER:

99-046

Filing 6.18.99

PSC 1.

a. What analyses of its finances and operations, if any, has Delta performed to determine why it has been unable to earn its authorized rate of return over the last 10 years? Provide each analysis and describe its results.

b. If no analyses have been performed, explain why not.

RESPONSE:

Delta has not performed any formal analyses, except information provided as a part of the company's budget. (See Delta's response to item 93 of the AG's data request.)

WITNESS: John Hall

PSC 2.

Provide a schedule that compares for each year since 1987 Delta's earned rate of return with its authorized rate of return.

RESPONSE:

	Earned Rate of Return	Authorized Rate of Return
1987	12.56%	15%
1988	14.10%	15%
1989	9.80%	15%
1990	7.78%	15%
1991	7.68%	(a)
1992	15.12%	(a)
1993	14.97%	(a)
1994	12.05%	(a)
1995	8.52%	(a)
1996	11.26%	(a)
1997	5.85%	(a)
1998	8.22%	11.6%

(a) The rate case was settled with all intervenors and approved by the PSC. No specific return on common equity was stated in the settlement.

WITNESS: John Hall

3. Refer to letter from John F. Hall to Helen C. Helton of February 5, 1999 ("Application") at 3. Provide a schedule that compares for each year since 1987 Delta's marginal cost of serving new customers to its embedded cost per customer.

RESPONSE:

See attached.

Column (d) shows the average embedded cost per customer of net distribution plant and column (i) shows the estimated marginal cost per customer. The estimated marginal cost was calculated by applying a linear trend line to the net plant increase per additional customer (i.e., the increase in the net plant divided by the increase in the number of customers.)

As can be seen from this attachment, Delta's average embedded cost per customer is growing at a high rate. Delta's average embedded cost per customer is increasing because: (1) Delta's marginal cost is higher than its embedded cost, and (2) Delta is adding customers at a moderately high rate.

WITNESS: Steve Seelye

DELTA NATURAL GAS COMPANY, INC.

Embedded versus Marginal Plant Cost per Customer

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Fiscal Year Ended June 30	Net Distribution Plant in Service	Number of Customers	Average Embedded Cost per Customer (b)/(c)	Percentage Increase	Net Increase in Plant in Service	Customer Increase	Net Plant Increase per Additional Customer (e)/(f)	Estimated Marginal Cost per Customer	Percentage Increase	CPI-U	Percentage Increase in CPI-U
1	1988	15,386,788	28,182	545.98	-	1,429,636	443	3,227.17	3,158	-	118.1	-
2	1989	17,142,611	28,687	597.57	9.45%	1,755,823	505	3,476.88	3,231	2.32%	124.1	5.08%
3	1990	19,958,998	29,476	677.13	13.31%	2,816,387	789	3,569.57	3,304	2.26%	130.0	4.75%
4	1991	22,694,965	29,937	758.09	11.96%	2,735,967	461	5,934.85	3,377	2.21%	136.1	4.69%
5	1992	24,500,661	30,589	800.96	5.66%	1,805,696	652	2,769.47	3,450	2.16%	140.2	3.01%
6	1993	26,033,555	31,461	827.49	3.31%	1,532,894	872	1,757.91	3,524	2.12%	144.4	3.00%
7	1994	29,055,816	32,257	900.76	8.85%	3,022,261	796	3,796.81	3,597	2.08%	148.0	2.49%
8	1995	31,721,516	33,388	950.09	5.48%	2,665,700	1131	2,356.94	3,670	2.03%	152.5	3.04%
9	1996	33,010,254	34,368	960.49	1.10%	1,288,738	980	1,315.04	3,743	1.99%	156.8	2.82%
10	1997	35,787,913	35,915	996.46	3.74%	2,777,659	1547	1,795.51	3,816	1.95%	160.3	2.23%
11	1998	40,202,565	36,419	1,103.89	10.78%	4,414,652	504	8,759.23	3,889	1.92%	163.0	1.68%

Note: The estimated marginal cost per customer (column i) is calculated by applying a linear trend line to the net plant increase per additional customer (column h).

Notes

PSC 4.

Refer to Application at 3. Why is Delta's marginal cost of serving new customers greater than the embedded cost of providing service?

RESPONSE:

Costs associated with serving a new customer have steadily increased over the years. Payroll costs have increased for company crews and contractor crews. Also, the cost of materials to serve the customer have steadily increased. In the last four years, Delta has added Itron ERTS (Electronic Reading Transmitters) to meters and implemented hand held meter readers. The cost of the ERTS and labor to install them have had an impact on cost of service.

WITNESS: John Hall

Notes

5. Refer to Application at 3.

a. Has Delta's average unit cost increased over the past 10 years?

b. Provide a schedule that compares for each year since 1987 Delta's average unit cost, the percentage increase in Delta's average unit cost, and the rate if inflation.

RESPONSE:

The information requested would involve determining the cost of providing service for the past 10 years and would require a somewhat complicated analysis in order to calculate the following: (1) operation and maintenance expenses, (2) depreciation expenses, (3) return on investment (making a reasonable assumption with respect to return on rate base), (4) income taxes, (5) taxes other than income taxes, and (6) rate base. We are hopeful that the information supplied in response to item 3 is sufficient to answer the Commission's questions.

WITNESS: John Hall

Notes

6. a. Provide a schedule that compares for each year since 1987 the percentage increase in Delta's marginal cost of serving new customers with the rate of inflation.

   b. For each instance where the percentage increase in Delta's marginal cost of serving new customers differs from the rate of inflation, explain whay the amounts differ.

RESPONSE:

a. See response to item 3.

b. Based on the analysis included in response to item 3, Delta's marginal plant cost has increased at a rate that is slightly below inflation. Because CPI-U is a composite index for a large section of the economy, there is no reason to expect that the two growth rates will be exactly the same.

WITNESS: Steve Seelye

Notes

7. Assume that Delta had, beginning on January 1, 1988, implemented the proposed mechanism (with the inflation adjustment discussed in Mr. Seelye's testimony).

(a.) What would the annual percentage increase in revenue to Delta for each year following implementation?

(b.) What would Delta's current rate, by customer class, be?

RESPONSE:

(a) We don't have the detailed historical data available to reconstruct the mechanism beyond the July 1, 1995, which is the first month of the three budget years included in the application. In our response to this data request (Item 7) and Item 28, we have extended the calculations for an additional two years, through the 2000 budget period which ends June 30, 2000. However, it should be noted that the budgets prior to the 2000 budget were not prepared with the Alternative Ratemaking Mechanism in mind. Therefore, much of the budget data such as monthly common equity, Mcf and revenues by billing blocks and, in some cases, the breakdown between rate classes had to be estimated when preparing Schedules A through C contained in the Application. Those Schedules were merely provided as examples to show how each component of the mechanism would be derived and applied. While we believe that the calculations are reasonable for purposes of illustrating how the proposed mechanism works, the aforementioned estimates and the rate case rates that were implemented during the 97-98 budget year clearly decrease the level of precision. The same is true with respect to the attached Schedule A's that were prepared for the 97-98 and 98-99 budget years provided in response to this data request. However, the AAC charges computed for the 2000 budget-year contained in our response to Item 28 were based on a budget that was prepared in anticipation of the implementation of this mechanism.

Even if the mechanism had been in effect since January 1988, we assume that the Annual Adjustment Component would have restarted at zero with the implementation new rates pursuant to a general rate case. Delta's current rates were placed into effect on January 1, 1998 pursuant to the Commission Order from Delta's last rate case, therefore, we believe that the currently effective Actual Adjustment Components would be approximately the same as those calculated on the attached Schedule A for the 98-99 budget year. However, the revised calculation of the Actual Adjustment Components for the 97-98 budget year provided in response to this request is, at best, an estimate based on a number of assumptions. In computing a AAC revenue deficiency for the 97-98 budget year that would correspond with Delta's current base rates, we estimated the impact of the rate case rates on net income for a full year and added that amount to the budgeted income available for common. An estimate of the increased revenue by rate class and by billing blocks was also made since the Mcf deliveries weren't budgeted by billing blocks at that time. As a result of the number of estimates involved, we have not attempted to compute what the ensuing Actual Adjustment Factor would have been after the six-month period from January 1 through June 30, 1998 under the AAC.

7. (page 2 of response)

The attached workpapers show an estimated percentage increase in revenue of 3.2% for the 97-98 budget year, and an increase in revenue of 0.22% for the 98-99 budget year.

(b). The currently applicable Annual Adjustment Components (AAC) per Mcf as calculated for the 98-99 budget year would be as follows:

General Service	Residential	Small Commercial	Lg. Comm. & Industrial
first 200 Mcf per month	$0.0181	$0.0191	$0.0142
next 800 Mcf per month		0.0116	0.0116
next 4000 Mcf per month		0.0097	0.0097
next 5000 Mcf per month		0.0070	0.0070
over 10000		0.0051	0.0051

Interruptible	
first 1000 Mcf per month	$0.0092
next 4000 Mcf per month	0.0060
next 5000 Mcf per month	0.0042
over 10000	0.0023

WITNESS: Randall Walker

Calculation of Annual Adjustment Component - (AAC)

By Rate Class Billing Blocks

The AAC adjusts rates upward or downward to compensate for expected departures from the Company's authorized return on common equity

AAC Period - July 1, 1997 through June 30, 1998

Filing Date -

Authorized Return on Common Equity	11.60%	
Budget Equity 12 mos. avg.	$ 22,795,707	
Budget Net Income Available for Common	1,918,833	**- Budgeted net income adjusted to reflect Jan. 1, 1998 rate increase for a full year**
Budget Return on Equity	8.42%	$ 1,722,290 before taxes
Annual Revenue 12 mos. prior to budget year	$ 36,116,328	
Composite State and Federal Tax Rate	39.445%	
Calculated Return-based Revenue Deficiency or (Excess)	$ 1,198,033	
AAC Limitation (5% of prior year's revenue)	$ 1,805,816	
AAC Amount to be Charged or (Credited)	**$ 1,198,033**	**3.2% Increase**

	Firm Sales and Transportation					Interruptible Sales and Transportation				
Net Budget Revenue During AAC Period	Block 0.1-200	Block 200.1-1000	Block 1001-5000	Block 5001-10000	Block over 10000	Block 1-1000	Block 1001-5000	Block 5001-10000	Block over 10000	Total
Residential	9,507,499	-	-	-	-					9,507,499
Small Commercial	2,415,435	40,531	7,798	-	-					2,463,764
Large Commercial & Industrial	2,077,847	942,123	768,043	246,963	233,014	608,430	831,713	176,065	46,132	5,930,329
Total										$ 17,901,593
Amount to be Charged or (Credited)										Total
Residential	636,273	-	-	-	-	-	-	-	-	636,273
Commercial	161,649	2,712	522	-	-	-	-	-	-	164,883
Large Commercial & Industrial	139,056	63,050	51,400	16,528	15,594	40,718	55,661	11,783	3,087	396,877
Total										**$ 1,198,033**
Budgeted Mcf During AAC Period										Total
Residential	2,422,700	-	-	-	-					2,422,700
Commercial	568,974	16,212	3,713	-	-					588,900
Large Commercial & Industrial	673,544	376,849	365,735	164,642	211,830	305,430	639,779	195,628	92,263	3,025,700
Total										6,037,300
AAC Surcharge or (Credit) per Mcf										Composite
Residential	0.2626									**0.2626**
Commercial	0.2841	0.1673	0.1405							**0.2800**
Large Commercial & Industrial	0.2065	0.1673	0.1405	0.1004	0.0736	0.1333	0.0870	0.0602	0.0335	**0.1312**

Response to PSC Data Request Dated June 4, 1999
Item 7(a)
Witness: Randall Walker

Calculation of Annual Adjustment Component - (AAC)
By Rate Class Billing Blocks

The AAC adjusts rates upward or downward to compensate for expected departures from the Company's authorized return on common equity

AAC Period - July 1, 1998 through June 30, 1999
Filing Date -

Authorized Return on Common Equity	11.60%
Budget Equity 12 mos. avg.	$ 23,236,270
Budget Net Income Available for Common	2,640,200
Budget Return on Equity	11.36%
Annual Revenue 12 mos. prior to budget year	$ 38,922,061
Composite State and Federal Tax Rate	39.445%
Calculated Return-based Revenue Deficiency or (Excess)	$ 91,169
AAC Limitation (5% of prior year's revenue)	$ 1,946,103
AAC Amount to be Charged or (Credited)	**$ 91,169**

0.2% Increase

	Firm Sales and Transportation					Interruptible Sales and Transportation				
Net Budget Revenue During AAC Period	Block 0.1-200	Block 200.1-1000	Block 1001-5000	Block 5001-10000	Block over 10000	Block 1-1000	Block 1001-5000	Block 5001-10000	Block over 10000	Total
Residential	10,198,500	-	-	-	-					10,198,500
Small Commercial	2,701,550	53,000	13,650	-	-					2,768,200
Large Commercial & Industrial	2,341,300	1,107,250	898,170	313,200	254,980	572,280	826,540	284,130	94,950	6,692,800
Total										$ 19,659,500
Amount to be Charged or (Credited)										Total
Residential	47,294	-	-	-	-	-	-	-	-	47,294
Commercial	12,528	246	63	-	-	-	-	-	-	12,837
Large Commercial & Industrial	10,858	5,135	4,165	1,452	1,182	2,654	3,833	1,318	440	31,037
Total										**$ 91,169**
Budgeted Mcf During AAC Period										Total
Residential	2,613,200	-	-	-	-					2,613,200
Commercial	654,500	21,200	6,500	-	-					682,200
Large Commercial & Industrial	765,700	442,900	427,700	208,800	231,800	287,300	635,800	315,700	189,900	3,505,600
Total										6,801,000
AAC Surcharge or (Credit) per Mcf										Composite
Residential	0.0181									**0.0181**
Commercial	0.0191	0.0116	0.0097							**0.0188**
Large Commercial & Industrial	0.0142	0.0116	0.0097	0.0070	0.0051	0.0092	0.0060	0.0042	0.0023	**0.0089**

Response to PSC Data Request Dated June 4, 1999
Item 7(a)
Witness Randall Walker

Delta Natural Gas Co., Inc.
Fiscal 1999 Budget

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Budgeted MCF, Revenue and Gas Cost

		Account Number	Avg Billed Customers	MCF's	Avg MCF/Cust	Gas Cost	Gross Revenue	Net After Gas Cost	Avg Rev/Mcf
General Service:									
O1	Residential	1-480-01	33,011	2,613,200	79.2	12,342,000	22,540,500	10,198,500	3.90
02CS	Commercial-Small	1-480-04	4,280	682,200	159.4	3,222,000	5,990,100	2,768,100	4.06
02C	Commercial-Other	1-480-02	772	940,400	1,217.6	4,441,400	7,102,400	2,661,000	2.83
02I	Industrial	1-480-03	66	219,800	3,355.7	1,038,000	1,575,000	537,000	2.44
	Sub Total		38,130	4,455,600		21,043,400	37,208,000	16,164,600	
Interruptible:									
04C	Commercial	1-481-02	-	-	#DIV/0!	-	-	-	#DIV/0!
04I	Industrial	1-481-03	8	81,900	10,800.0	386,900	528,400	141,500	1.73
	Sub Total		8	81,900		386,900	528,400	141,500	
On System Transportation:									
10	Firm	1-489-04	21	916,700	43,652.4	-	1,716,900	1,716,900	1.87
20	Interruptible	1-489-04	27	1,346,800	49,881.5		1,636,400	1,636,400	1.22
	AFG	1-489-04	1	1,326,000	1,326,000.0		139,000	139,000	0.10
23	Alcan	1-489-04	1	868,200	868,200.0		210,900	210,900	0.24
24	Sipple	1-489-04	1	286,500	286,500.0		137,500	137,500	0.48
	Sub Total On Sys	1-489-04		4,744,200			3,840,700	3,840,700	
Total Retail & On System				9,281,700		21,430,300	41,577,100	20,146,800	
Off System Transportation		1-489-02		1,403,846			365,000	365,000	0.26
	Total			10,685,546		21,430,300	41,942,100	20,511,800	

DATE: 6/10/99
TIME: 4:07 PM

COMMON EQUITY
ACTUAL and BUDGET

Year	Month	Actual Common Equity W/O Subs.	Actual Canada Mountain Investment	Actual Canada Mountain Equity	Actual Utility Common Equity	Less: Actual Net Income	Plus: Budgeted Net Income	Less: Dividend	Plus: Stock Issued	Budgeted Utility Common Equity	
				0.3625							
1997	July	27,118,745	11,751,688	4,259,987	22,858,758	(300,120)	(413,700)			22,745,178	
	Aug	26,939,055	12,991,052	4,709,256	22,229,799	(198,674)	(404,200)			22,024,273	
	Sep	25,939,055	13,196,568	4,783,756	21,155,299	(409,474)	(429,900)			21,134,873	
	Oct	25,732,141	13,747,179	4,983,352	20,748,789	(224,177)	(208,000)			20,764,966	
	Nov	27,288,736	13,936,313	5,051,913	22,236,823	171,068	157,100			22,222,855	
	Dec	27,299,346	13,954,815	5,058,620	22,240,726	567,217	552,300			22,225,809	
1998	Jan	28,301,450	13,967,895	5,063,362	23,238,088	1,002,104	1,035,900			23,271,884	
	Feb	28,946,246	13,961,839	5,061,167	23,885,079	629,458	722,800			23,978,421	
	Mar	28,971,234	13,970,614	5,064,348	23,906,886	614,284	389,000			23,681,602	
	Apr	29,525,137	14,230,685	5,158,623	24,366,514	544,434	61,500			23,883,580	
	May	29,560,229	14,245,704	5,164,068	24,396,161	3,067	(217,000)			24,176,094	
	Jun	28,600,399	14,248,308	5,165,012	23,435,387	(373,464)	(369,900)			23,438,951	22,795,707
	July	28,470,159	14,255,196	5,167,509	23,302,650	(253,247)	(264,600)			23,291,297	
	Aug	28,254,977	14,256,093	5,167,834	23,087,143	(232,785)	(226,800)			23,093,128	
	Sep	27,331,636	14,296,255	5,182,392	22,149,244	(327,046)	(285,400)			22,190,890	
	Oct	27,181,899	14,307,536	5,186,482	21,995,417	(185,139)	(103,200)			22,077,356	
	Nov	27,591,652	14,313,679	5,188,709	22,402,943	118,305	266,800			22,551,438	
	Dec	27,224,637	14,323,170	5,192,149	22,032,488	237,287	536,900			22,332,101	
1999	Jan	28,221,463	14,323,170	5,192,149	23,029,314	978,865	965,200			23,015,649	
	Feb	28,952,229	14,325,978	5,193,167	23,759,062	709,706	870,100			23,919,456	
	Mar	29,123,240	14,326,597	5,193,391	23,929,849	747,754	575,200			23,757,295	
	Apr	29,671,966	14,327,153	5,193,593	24,478,373	516,310	444,300			24,406,363	
	May						24,700		42,000	24,473,063	
	Jun						(163,000)	(684,855)	102,000	23,727,208	23,236,270

REVENUE AND INCOME

Year	Month	12 mos . Budgeted Net Income	Actual Revenue	12 mos. Actual Revenue
	Apr			36,116,328
	May		2,534,625	
	Jun		1,686,327	
1997	July		1,405,285	
	Aug		1,258,141	
	Sep		1,100,161	
	Oct		1,552,507	
	Nov		3,280,642	
	Dec		5,090,617	
1998	Jan		6,500,225	
	Feb		5,436,263	
	Mar		4,744,096	
	Apr		4,333,172	38,922,061
	May		1,964,031	
	Jun	875,900	1,257,145	
	July		1,254,840	
	Aug		1,161,228	
	Sep		1,176,935	
	Oct		1,537,698	
	Nov		2,349,206	
	Dec		3,142,905	
1999	Jan		6,564,059	
	Feb		4,095,155	
	Mar		4,735,589	
	Apr		4,051,655	33,290,446
	May			
	Jun	2,640,200		

Bas120t5 excl subs of BAS120 (Reporter)

BUDGET

Friday, December 18, 1998 6:43:58 PM

12/18/98

Roll-up Description,Fiscal Year (YYYYMM),DE

	1997/Jul	1997/Aug	1997/Sep	1997/Oct	1997/Nov	1997/Dec	1998/Jan	1998/Feb	1998/Mar	1998/Apr	1998/May	1998/Jun
Operating Revenues	(1,084,600)	(1,079,200)	(1,080,000)	(2,037,900)	(3,571,300)	(5,225,800)	(7,410,900)	(5,873,600)	(4,524,300)	(3,018,200)	(1,726,900)	(1,150,600)
PURCHASED GAS	255,300	236,500	236,500	851,800	1,824,700	2,892,500	4,312,700	3,290,000	2,424,000	1,455,300	599,100	227,900
OPERATION EXPENSE	723,500	718,600	747,500	734,300	724,400	688,800	698,800	687,300	703,600	693,900	689,900	733,800
MAINTENANCE EXPENSE	47,500	39,000	39,000	37,000	37,000	37,000	35,700	35,700	58,700	35,700	37,700	37,700
DEPRECIATION EXPENSE	270,900	270,900	270,900	270,900	270,900	270,900	270,800	270,800	270,800	270,800	270,800	270,800
TAXES OTHER THAN INCOME TAXES	96,200	96,200	96,200	96,200	96,200	101,000	107,600	102,800	102,800	102,800	102,800	102,800
INCOME TAXES	(234,700)	(229,400)	(243,800)	(118,900)	86,400	308,700	580,800	404,600	216,800	32,600	(124,000)	(215,500)
Operating Expenses	1,158,700	1,131,800	1,146,300	1,871,300	3,039,600	4,298,900	6,006,400	4,791,200	3,776,700	2,591,100	1,576,300	1,157,500
Operating Income	74,100	52,600	66,300	(166,600)	(531,700)	(926,900)	(1,404,500)	(1,082,400)	(747,600)	(427,100)	(150,600)	6,900
NON REGULATED INCOME (Excl. Subs)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(13,100)
INTEREST ON LONG TERM DEBT	253,900	253,900	253,900	253,900	253,900	253,900	253,900	253,900	253,900	253,900	253,900	253,900
OTHER INTEREST	80,000	92,000	104,000	115,000	115,000	115,000	109,000	100,000	99,000	106,000	108,000	113,000
AMORTIZATION OF DEBT EXPENSE	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
Net Income (Excl. Subs)	***413,700***	***404,200***	***429,900***	***208,000***	***(157,100)***	***(552,300)***	***(1,035,900)***	***(722,800)***	***(389,000)***	***(61,500)***	***217,000***	***369,900***
Yearly Accumulation												(875,900)

Reconciliation to Consolidated Net Income:

NET INCOME FROM SUBSIDIARIES	(57,700)	(48,600)	(47,100)	(45,200)	(45,700)	(40,900)	(52,300)	(47,800)	(47,900)	(40,800)	(43,100)	(38,300)
Net Income (Incl. Subs)	356,000	355,600	382,800	162,800	(202,800)	(593,200)	(1,088,200)	(770,600)	(436,900)	(102,300)	173,900	331,600
Control Total	356,000	355,600	382,800	162,800	(202,800)	(593,200)	(1,088,200)	(770,600)	(436,900)	(102,300)	173,900	331,600
Yearly Accumulation												(1,431,300)

Bas120t5 excl subs of BAS120 (Reporter)

BUDGET

Friday, December 18, 1998 6:43:58 PM

12/18/98

Roll-up Description,Fiscal Year (YYYYMM),DE

	1997/Jul	1997/Aug	1997/Sep	1997/Oct	1997/Nov	1997/Dec	1998/Jan	1998/Feb	1998/Mar	1998/Apr	1998/May	1998/Jun
Operating Revenues	(1,084,600)	(1,079,200)	(1,080,000)	(2,037,900)	(3,571,300)	(5,225,800)	(7,410,900)	(5,873,600)	(4,524,300)	(3,018,200)	(1,726,900)	(1,150,600)
PURCHASED GAS	255,300	236,500	236,500	851,800	1,824,700	2,892,500	4,312,700	3,290,000	2,424,000	1,455,300	599,100	227,900
OPERATION EXPENSE	723,500	718,600	747,500	734,300	724,400	688,800	698,800	687,300	703,600	693,900	689,900	733,800
MAINTENANCE EXPENSE	47,500	39,000	39,000	37,000	37,000	37,000	35,700	35,700	58,700	35,700	37,700	37,700
DEPRECIATION EXPENSE	270,900	270,900	270,900	270,900	270,900	270,900	270,800	270,800	270,800	270,800	270,800	270,800
TAXES OTHER THAN INCOME TAXES	96,200	96,200	96,200	96,200	96,200	101,000	107,600	102,800	102,800	102,800	102,800	102,800
INCOME TAXES	(234,700)	(229,400)	(243,800)	(118,900)	86,400	308,700	580,800	404,600	216,800	32,600	(124,000)	(215,500)
Operating Expenses	1,158,700	1,131,800	1,146,300	1,871,300	3,039,600	4,298,900	6,006,400	4,791,200	3,776,700	2,591,100	1,576,300	1,157,500
Operating Income	74,100	52,600	66,300	(166,600)	(531,700)	(926,900)	(1,404,500)	(1,082,400)	(747,600)	(427,100)	(150,600)	6,900
NON REGULATED INCOME (Excl. Subs)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(13,100)
INTEREST ON LONG TERM DEBT	253,900	253,900	253,900	253,900	253,900	253,900	253,900	253,900	253,900	253,900	253,900	253,900
OTHER INTEREST	80,000	92,000	104,000	115,000	115,000	115,000	109,000	100,000	99,000	106,000	108,000	113,000
AMORTIZATION OF DEBT EXPENSE	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
Net Income (Excl. Subs)	***413,700***	***404,200***	***429,900***	***208,000***	***(157,100)***	***(552,300)***	***(1,035,900)***	***(722,800)***	***(389,000)***	***(61,500)***	***217,000***	***369,900***

Yearly Accumulation (875,900)

elta Natural Gas Co., Inc.
as120t5 of BAS120 (Reporter)
uesday, April 21, 1998 4:12:22 PM

Fiscal 1999 Income Statement Budget
Compared with Fiscal 1998 Budget and Twelve Months Ended 2/28/98 Actual
By Financial Statement Caption

DELTA NATURAL GAS CO, INC. Layer 2 of 7

	Fiscal 1999 Budget	12 Months Ended February 28, 1998 Actual	Variance (Unfav/ -Fav)	Fiscal 1998 Budget	Variance (Unfav/ -Fav)
Operating Revenues	-42,104,400	-38,253,020	-3,851,380	-37,783,300	-4,321,100
PURCHASED GAS	19,270,300	18,405,339	864,961	18,606,300	664,000
OPERATION EXPENSE	8,487,700	8,154,825	332,875	8,544,400	-56,700
MAINTENANCE EXPENSE	484,100	595,095	-110,995	477,700	6,400
DEPRECIATION EXPENSE	3,844,800	3,206,964	637,836	3,250,200	594,600
TAXES OTHER THAN INCOME TAXES	1,262,500	1,179,669	82,831	1,203,600	58,900
INCOME TAXES	1,442,000	905,425	536,575	463,600	978,400
Operating Expenses	34,791,400	32,447,316	2,344,084	32,545,800	2,245,600
Operating Income	-7,313,000	-5,805,704	-1,507,296	-5,237,500	-2,075,500
NON REGULATED INCOME	-542,800	-483,139	-59,661	-607,000	64,200
INTEREST ON LONG TERM DEBT	3,906,600	3,036,353	870,247	3,046,800	859,800
~~INTEREST ON LONG TERM DEBT~~	~~3,906,600~~	~~3,036,353~~	~~870,247~~	~~3,046,800~~	~~859,800~~
OTHER INTEREST	636,000	1,053,001	-417,001	1,256,000	-620,000
AMORTIZATION OF DEBT EXPENSE	162,000	111,600	50,400	110,400	51,600
Net income	-3,151,200	-2,087,889	-1,063,311	-1,431,300	-1,719,900
Average # of Shares Outstanding	2,395,022	2,348,485		2,366,311	
Earnings Per Common Share	1.32	0.89		0.60	

Bas120t5 excl subs of BAS120 (Reporter)

BUDGET

Friday, December 18, 1998 6:43:58 PM

12/18/98

Roll-up Description,Fiscal Year (YYYYMM),DE

	1998/Jul	1998/Aug	1998/Sep	1998/Oct	1998/Nov	1998/Dec	1999/Jan	1999/Feb	1999/Mar	1999/Apr	1999/May	1999/Jun
Operating Revenues	(1,566,900)	(1,546,600)	(1,475,000)	(2,163,000)	(3,682,800)	(4,820,500)	(6,763,900)	(6,195,200)	(4,989,400)	(4,409,100)	(2,578,400)	(1,913,600)
PURCHASED GAS	392,900	352,200	339,100	735,300	1,704,500	2,404,500	3,684,300	3,320,000	2,534,300	2,165,800	1,013,100	624,300
OPERATION EXPENSE	722,100	707,400	730,100	717,700	700,200	717,100	704,800	678,700	716,500	699,600	685,800	707,700
MAINTENANCE EXPENSE	65,700	34,700	35,200	44,800	33,700	33,700	45,700	33,600	40,600	46,200	35,600	34,600
DEPRECIATION EXPENSE	320,400	320,400	320,400	320,400	320,400	320,400	320,400	320,400	320,400	320,400	320,400	320,400
TAXES OTHER THAN INCOME TAXES	102,100	102,200	102,100	102,200	102,100	107,000	111,400	106,700	106,600	106,700	106,700	106,700
INCOME TAXES	(152,100)	(130,900)	(163,800)	(61,500)	146,800	298,600	539,600	486,200	320,300	246,600	10,600	(98,400)
Operating Expenses	1,451,100	1,386,000	1,363,100	1,858,900	3,007,700	3,881,300	5,406,200	4,945,600	4,038,700	3,585,300	2,172,200	1,695,300
Operating Income	(115,800)	(160,600)	(111,900)	(304,100)	(675,100)	(939,200)	(1,357,700)	(1,249,600)	(950,700)	(823,800)	(406,200)	(218,300)
NON REGULATED INCOME (Excl. Subs)	(2,100)	(2,100)	(2,200)	(2,200)	(2,200)	(2,200)	(2,100)	(2,100)	(2,100)	(2,100)	(2,100)	(8,300)
INTEREST ON LONG TERM DEBT	325,500	325,500	325,500	325,500	325,500	325,500	325,600	325,600	325,600	325,600	325,600	325,600
OTHER INTEREST	43,500	50,500	60,500	70,500	71,500	65,500	55,500	42,500	38,500	42,500	44,500	50,500
AMORTIZATION OF DEBT EXPENSE	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Net Income (Excl. Subs)	***264,600***	***226,800***	***285,400***	***103,200***	***(266,800)***	***(536,900)***	***(965,200)***	***(870,100)***	***(575,200)***	***(444,300)***	***(24,700)***	***163,000***

Yearly Accumulation (2,640,200)

Steve : 012-128-6142

[illegible] to Randall - pls forward to him. I will leave with Marian Jones if he has add'l questions. JB

Randall (
5029572829

Delta Natural Gas Co., Inc.
Mcfrev03 for Denisa of MCFREVEN (Reporter)
Tuesday, February 09, 1999 9:17:52 AM

CIS # PREMISES BILLED BY MONTH

	199905	199906	199907	199908	199909	199910	199911	199912	199901	199902	199903	199904	elve Mon
01 Residential Firm	32,247	31,596	31,362	30,987	30,993	31,215	32,209	32,940	33,452	33,607	33,657	33,544	387,839
02C Commercial Firm	775	778	768	764	762	764	770	778	785	783	793	797	9,329
04C Commercial Interruptible	1	1	1	1	1	1	1	1	2	2	2	1	15
02CS Commercial Firm - Small Meter	4,214	3,974	3,866	3,814	3,812	3,829	4,134	4,346	4,460	4,493	4,504	4,496	49,923
02I Industrial Firm	63	63	64	62	62	61	61	61	61	61	61	61	741
04I Industrial Interruptible	7	7	7	7	7	6	6	6	6	6	6	7	78
Delta Natural Retail	37,307	36,419	36,068	35,635	35,637	35,867	37,181	38,132	38,767	38,959	39,026	38,906	447,925
99 Company Use	62	62	62	62	62	61	63	63	61	64	61	61	741
23 Transportation Alcan	1	1	1	1	1	1	1	1	1	1	1	1	12
32 Transportation AFG Industries	0	1	1	1	1	1	1	1	1	1	1	1	11
24 Transportation Sipple	0	0	0	0	0	1	1	1	1	1	1	1	7
30 Transportation Interruptible	5	5	5	5	5	5	6	6	6	6	6	6	66
10 Transportation Firm (Committed)	1	1	1	1	1	1	2	2	2	2	2	2	18
Delta Natural Transportation	7	8	8	8	8	9	11	11	11	11	11	11	114
800 Transportation - Delta Resources	80	80	80	80	80	84	80	82	76	76	78	80	953
75 D/R Sipple Brick	1	1	1	1	1	1	0	0	0	0	0	0	6
Delta Resources Transportation	81	81	81	84	81	82	80	82	76	76	78	80	959
On System Transportation	88	89	89	89	89	91	91	93	87	87	89	91	1,073
Grand Total	37,457	36,570	36,209	35,786	35,788	35,819	37,335	38,288	38,915	39,105	39,208	39,058	449,739
Control Total	37,457	36,570	36,209	35,786	35,788	35,819	37,335	38,288	38,915	39,105	39,208	39,058	449,739

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Delta Natural Gas Co., Inc.

Mcfrev03 for Denisa of MCFREVEN (Reporter)
Tuesday, February 09, 1999 9:17:52 AM

USAGE

	199805	199806	199807	199808	199809	199810	199811	199812	199901	199902	199903	199904	relve Mon
01 Residential Firm	121,212	43,803	42,334	30,117	31,261	50,687	144,441	218,299	539,262	321,836	377,270	390,115	2,240,747
02C Commercial Firm	47,734	31,296	29,552	25,060	25,316	39,104	49,781	75,933	169,022	104,765	120,780	110,487	828,930
04C Commercial Interruptible	413	65	0	0	0	0	269	471	494	471	472	643	3,358
02CS Commercial Firm - Small Meter	28,426	11,639	12,141	9,097	9,444	13,644	31,447	52,594	148,564	65,466	104,026	82,780	599,433
02I Industrial Firm	9,521	5,316	5,934	3,826	4,200	8,552	9,672	14,165	31,477	16,333	20,956	17,304	145,003
04I Industrial Interruptible	2,205	1,281	1,463	1,213	1,132	1,231	2,269	3,249	7,676	4,112	5,707	4,866	35,454
Delta Natural Retail	233,110	93,572	95,444	69,313	71,353	113,273	237,900	360,779	896,446	535,010	629,274	536,196	3,847,625
99 Company Use	9,694	6,783	11,374	5,949	5,691	15,681	2,534	9,064	3,279	2,472	12,476	3,262	88,256
23 Transportation Alcan	67,994	74,415	73,733	72,392	70,735	75,203	77,016	70,967	72,373	67,038	78,693	56,481	860,062
32 Transportation AFG Industries	0	34,675	102,439	97,106	82,450	81,742	84,526	85,297	82,483	80,799	95,901	85,491	941,372
24 Transportation Sipple	0	0	0	0	0	6,027	23,332	23,336	21,732	21,256	25,841	21,369	142,959
20 Transportation Interruptible	5,498	5,604	4,807	5,172	5,010	10,605	20,350	20,268	22,470	19,440	23,753	14,377	156,852
10 Transportation Firm (Commitmd)	2,298	2,177	1,745	2,156	2,247	2,406	9,129	9,095	10,701	9,083	10,652	7,436	69,055
Delta Natural Transportation	75,789	113,870	182,784	176,846	160,443	176,045	214,323	208,832	209,763	197,615	235,429	180,533	2,143,306
800 Transportation - Delta Resources	136,166	149,653	142,095	160,677	162,212	194,833	200,948	197,341	179,095	167,357	200,895	150,480	2,018,736
75 DR Sipple Brick	21,538	23,458	21,946	22,349	22,854	14,732	0	0	0	0	0	0	126,878
Delta Resources Transportation	157,704	173,111	164,041	173,027	175,066	209,569	200,948	197,341	179,095	167,357	200,895	150,480	2,145,614
On System Transportation	233,493	286,981	346,825	349,843	335,509	385,614	415,271	406,232	388,858	364,972	436,295	339,012	4,288,915
Grand Total	452,293	387,336	453,639	425,104	412,553	511,574	655,704	776,025	1,288,583	902,463	1,078,045	678,471	8,221,795
Control Total	452,293	387,336	453,639	425,104	412,553	511,574	655,704	776,025	1,288,583	902,463	1,078,045	678,471	8,221,795
Difference	0	0	0	0	0	0	0	0	0	0	0	0	9E-010

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Wednesday, May 05, 1999 3:41:09 PM

Bas120t5 excl subs of BAS120 (Reporter)

ACTUAL

Friday, December 18, 1998 6:23:56 PM

12/18/98

Roll-up Description,Fiscal Year (YYYYMM),DE

	1997/Jul	1997/Aug	1997/Sep	1997/Oct	1997/Nov	1997/Dec	1998/Jan	1998/Feb	1998/Mar	1998/Apr	1998/May	1998/Jun
Operating Revenues	(1,405,285)	(1,258,141)	(1,100,161)	(1,552,507)	(3,280,642)	(5,090,618)	(6,500,225)	(5,436,263)	(4,744,096)	(4,333,172)	(1,964,031)	(1,257,145)
PURCHASED GAS	425,868	254,706	204,411	470,255	1,571,603	2,649,098	3,537,749	2,824,025	2,342,616	2,134,737	556,112	151,173
OPERATION EXPENSE	681,591	572,953	727,538	628,416	658,935	778,941	577,481	832,315	645,594	538,736	630,163	915,417
MAINTENANCE EXPENSE	68,352	50,396	61,707	46,883	30,904	36,386	35,918	42,124	63,186	41,508	47,030	61,285
DEPRECIATION EXPENSE	272,939	271,939	271,811	273,930	277,949	278,220	279,113	283,063	284,674	284,435	286,709	290,459
TAXES OTHER THAN INCOME TAXES	101,787	94,874	133,793	96,877	94,999	73,066	105,011	102,587	101,853	100,666	99,104	97,037
INCOME TAXES	(177,000)	(117,500)	(241,500)	(132,700)	98,700	330,275	584,275	366,375	355,975	297,475	(2,525)	(228,550)
Operating Expenses	1,373,537	1,127,368	1,157,760	1,383,662	2,733,090	4,145,985	5,119,547	4,450,488	3,793,898	3,397,556	1,616,594	1,286,821
Operating Income	(31,748)	(130,773)	57,599	(168,845)	(547,552)	(944,632)	(1,380,678)	(985,774)	(950,198)	(935,616)	(347,437)	29,677
NON REGULATED INCOME (Excl. Subs)	(1,372)	(1,283)	(1,756)	(1,675)	(3,062)	(1,786)	(3,666)	(1,997)	(4,554)	(34,267)	(3,659)	(8,835)
INTEREST ON LONG TERM DEBT	253,574	253,552	253,734	253,538	252,492	252,240	252,418	251,830	251,674	400,611	325,588	325,431
OTHER INTEREST	70,365	67,879	90,596	131,859	117,754	117,662	120,523	97,183	79,494	11,227	8,631	13,761
AMORTIZATION OF DEBT EXPENSE	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	13,612	13,810	13,430
Net Income (Excl. Subs)	***300,120***	***198,674***	***409,474***	***224,177***	***(171,068)***	***(567,217)***	***(1,002,104)***	***(629,458)***	***(614,284)***	***(544,434)***	***(3,067)***	***373,464***

Yearly Accumulation (2,025,723)

Bas120t5 excl subs of BAS120 (Reporter)

ACTUAL

Friday, December 18, 1998 6:23:56 PM

12/18/98

Roll-up Description,Fiscal Year (YYYYMM),DE

	1998/Jul	1998/Aug	1998/Sep	1998/Oct	1998/Nov	1998/Dec	1999/Jan	1999/Feb	1999/Mar	1999/Apr	1999/May	1999/Jun
Operating Revenues	(1,254,840)	(1,161,228)	(1,176,935)	(1,537,698)	(2,349,206)	(3,142,905)	(6,564,059)	(4,095,155)	(4,735,589)	(4,051,655)	-	-
PURCHASED GAS	156,554	103,149	160,529	319,762	699,780	1,160,990	3,156,414	1,687,905	2,003,254	1,675,936	-	-
OPERATION EXPENSE	675,049	616,103	668,899	668,655	643,407	773,916	698,691	738,131	683,439	706,123	-	-
MAINTENANCE EXPENSE	59,938	42,149	47,560	40,216	26,128	35,141	47,113	32,403	58,605	62,117	-	-
DEPRECIATION EXPENSE	307,316	305,688	308,627	311,162	313,828	315,279	317,468	318,579	317,482	315,104	-	-
TAXES OTHER THAN INCOME TAXES	103,617	99,512	104,197	103,897	103,080	103,286	111,731	125,961	116,734	113,973	-	-
INCOME TAXES	(151,625)	(140,025)	(195,025)	(112,225)	64,075	135,575	571,575	413,375	435,975	298,574	-	-
Operating Expenses	1,150,849	1,026,577	1,094,787	1,331,468	1,850,298	2,524,188	4,902,992	3,316,354	3,615,489	3,171,827	-	-
Operating Income	(103,991)	(134,652)	(82,147)	(206,230)	(498,908)	(618,717)	(1,661,066)	(778,801)	(1,120,100)	(879,828)	-	-
NON REGULATED INCOME (Excl. Subs)	(1,402)	(1,887)	(1,307)	(2,376)	(5,152)	(2,955)	(2,104)	(2,146)	(1,880)	(4,978)	-	-
INTEREST ON LONG TERM DEBT	325,418	325,197	345,003	323,057	324,468	324,809	324,330	324,280	324,280	324,054	-	-
OTHER INTEREST	19,793	30,697	52,068	57,258	47,857	46,147	346,545	(266,469)	36,516	31,012	-	-
AMORTIZATION OF DEBT EXPENSE	13,430	13,430	13,430	13,430	13,430	13,430	13,430	13,430	13,430	13,430	-	-
Net Income (Excl. Subs)	***253,247***	***232,785***	***327,046***	***185,139***	***(118,305)***	***(237,287)***	***(978,865)***	***(709,706)***	***(747,754)***	***(516,310)***	-	-

Yearly Accumulation (2,310,010)

Notes

8. At page 4 of the Application, Mr. Hall writes: "Although the alternative rate mechanism would likely involve a comprehensive 3-year review, it is anticipated that such a review would be less resource intensive and costly than a full-blown rate case."
   a. Describe the scope of the 3-year review proceeding.
   b. Describe how the 3-year review proceeding will differ from a full-blown rate case?
   c. Explain why the 3-year proceeding will be less resource intensive and costly than full-blown rate case.

RESPONSE:

a. The scope of the 3-year review will largely depend on the Commission and intervenors. It is anticipated that the scope of the review will encompass the following:

- Development and application of the AAC, AAF, and BAF
- Impact of the mechanism on individual customer classes
- Rate of return range utilized in the mechanism
- Non-gas supply costs recoverable through the mechanism
- Analysis of performance-based controls
- Analysis of the utility's non-gas supply costs
- Analysis of cost of service and rate design

b. If an acceptable framework can be developed in the current proceeding regarding the information submitted in the annual filings and other cost recovery issues, then we anticipate that the 3-year review will be less resource intensive than a full-blown rate case. By developing a common understanding in the current proceeding concerning how the mechanism will operate, concerning the types of costs that are properly recoverable through the mechanism, and concerning the scope of information that is to be provided in the annual filings we anticipate that the three-year review will be less intensive than a full-blown rate case.

c. If an acceptable framework can be developed in the current proceeding regarding the information submitted in the annual filings and other cost recovery issues, then it is anticipated that the 3-year review would be less formal, would not require as much reliance on outside consultants, and would require less time and resources to be spent on the activities such as submitting and answering interrogatories.

WITNESS: Steve Seelye

Notes

9. Refer to Application at 4.
   a. How often would the "zone of reasonableness" be revised?
   b. What type of proceeding would be used to revise the "zone of reasonableness"?

Response:

a. We propose that the zone of reasonableness be reviewed in the three-year proceedings. If none of the parties in the proceeding proposes that the range be modified, then the review could be shortened or eliminated. Although it would not be anticipated, Delta or other parties could make a filing to modify the rate of return range between the three-year reviews.

b. A formal filing would be required in order to revise the rate of return range. Unless the parties to the proceeding can agree to an appropriate range, then it is anticipated that an evidentiary hearing would be conducted to establish the zone of reasonableness.

WITNESS: Steve Seelye

Notes

10. Refer to the Application at 5. Describe the type of annual review of the utility's rate of return that would occur under Delta's proposal.

RESPONSE:

We do not envision a formal review of the rate of return on an annual basis. However, nothing would prevent the Commission, Delta or other parties from submitting a proposal to modify the rate of return at any time.

WITNESS: Steve Seelye

Notes

11. How will the Commission meet its statutory duty to ensure "fair, just and reasonable" rates if no review of a utility's costs is made when adjusting the utility's rates?

RESPONSE:

We are not proposing that the Commission forego reviewing Delta's costs when it files to adjust rates pursuant to the proposed alternative regulation plan. Delta will file detailed cost information as a part of the annual filings, and the Commission would be able to conduct a review of information filed.

In addition, the Actual Adjustment Factor (AAF) provides for a true-up of earnings subsequent to the application of the Annual Adjustment Component (AAC). The Balancing Adjustment Factor (BAF) then ensures that the exact amounts under the AAF are tracked, thus ensuring that rates reflect actual historical costs reviewed by the Commission.

Delta's proposal will enhance the Commission's ability to ensure that the utility is charging fair, just and reasonable rates. By submitting annual adjustments to rates that reflect the cost of providing service and detailed information supporting the adjustments, the Commission will be able to provide greater assurance that the utility is not charging rates that allow the utility to earn a return that exceeds the range found to be fair just and reasonable by the Commission.

WITNESS: Steve Seelye

Notes

12. a. Is the process of adjusting rates based on the budgeted level of expenses tantamount to establishing rates based on a forecasted test year?

b. (1) If yes, explain why the Commission should approve a mechanism that relinquishes any oversight authority over the reasonableness of costs to be included in rates.

(2) If no, why not?

RESPONSE:

Because Delta's proposed plan would reconcile the application of the mechanism to actual historical book costs, Delta's proposal is not tantamount to establishing rates on a forecasted test year. Delta is not asking the Commission to relinquish any oversight authority over the reasonableness of Delta's costs. The Commission will be able to review the reasonableness of Delta's costs on a one- and three-year cycle, including the budgeted costs reflected in the Annual Adjustment Component (AAC), the actual costs reflected in the Actual Adjustment Factor (AAF), and the actual recoveries reflected in the Balancing Adjustment Factor (BAF).

The Annual Adjustment Component (AAC) is determined on the basis of budgeted financial and operating results approved by Delta's board of directors; however, the Actual Adjustment Factor (AAF) and Balancing Adjustment Factor (BAF) are determined on the basis of actual results per books. The AAC would go into effect for a full year based on budgeted information for the fiscal year, but the AAF will perform a true-up calculation based on actual results for the fiscal year. The BAF then acts as a true-up mechanism for the AAF and previous BAFs, in effect reconciling actual Mcf sales to those used in calculating the factors. Therefore, the net effect of the mechanisms is that rates reflect actual historical costs reviewed by the Commission.

WITNESS: Steve Seelye

Notes

13. At page 4 of the Application, Mr. Hall states: "The proposed alternative ratemaking mechanism would save time and resources at the Commission while still allowing the Commission to fulfill its obligations of ensuring that the utility is not over or under earning."

    a. Under Delta's proposal, will the Commission be reviewing Delta's operating costs and earnings on an annual basis?
    b. If yes,
        (1) Describe the scope of the annual review proceeding.
        (2) Describe how the annual review proceeding will differ from a full-blown rate case.
        (3) Describe how the annual review proceeding will be time saving for the Commission.

RESPONSE:

a. Yes.

b. (1) As with the 3-year review, the scope of the annual review will largely depend on the Commission and intervenors. It is anticipated that the scope of the review will encompass the following:

- Development and application of the AAC, AAF, and BAF
- Impact of the mechanism on individual customer classes
- Non-gas supply costs recoverable through the mechanism
- Analysis of Performance-based controls

(2) As explained in response to item 10 above, if an acceptable framework can be developed in the current proceeding regarding the information submitted in the annual filings and other cost recovery issues, then we anticipate that the annual review will be less resource intensive than a full-blown rate case. If an acceptable framework can be developed, then it is anticipated that the annual review would be less formal, would not require outside consultants, and would require less time and resources to be spent on the activities such as submitting and answering interrogatories.

(3) If an acceptable framework can be developed in the current proceeding regarding the information submitted in the annual filings and other cost recovery issues, then the Commission should be able to avoid time and resources in scheduling, preparing for, and conducting evidentiary hearings. Defining the information that will be filed in the one- and three-year reviews should also save time and resources in developing a process for conducting the review.

Although we cannot speak from actual experience on what internal steps the Commission goes through to conduct a full-blown rate case, it is our impression that it involves a complex team-oriented process of defining the issues that will be explored in a rate case, developing interrogatories, analyzing issues developed in the filing, reviewing and analyzing cost of service studies, analyzing proposed rate designs, reviewing terms and conditions set forth in rate schedules, analyzing pro-forma adjustments, and so forth. If appropriate guidelines can be determined for the annual reviews under the alternative ratemaking mechanism, it will not be necessary for the Commission to perform most of these activities. For example, it will not be necessary in the one-year review for the utility to submit a fully allocated cost of service study and for the Commission to review the cost of service study. It will not be necessary for the Commission to perform a complete review of the utility's base rates. It will not be necessary for the Commission to analyze pro-forma adjustments. It will not be necessary to examine the terms and conditions set forth in the utility's rates, such as non-recurring charges, rules and regulations, connection and reconnection policies. We would not anticipate the Commission's review to be nearly as extensive under an alternative regulation mechanism as a full-blown rate case. Additionally, if an acceptable framework can be established, the review could perhaps be conducted in a more informal manner, thus obviating the need for an evidentiary hearing.

WITNESS: Steve Seelye

Notes

14. Refer to the Application at 5. Explain why an annual review proceeding would not be as adversarial as a general rate case proceeding?

RESPONSE:

By developing a common understanding in the current proceeding concerning how the mechanism will operate, concerning the types of costs that are not properly recoverable through the mechanism, and concerning the information that is to be provided in the annual filing, we anticipate that much of the adversity that arises in a general rate case proceeding can be avoided. Because of the more focused scope of the mechanism, many issues that could potentially cause dispute in a general rate case would not likely be a part of the one-year review of the alternative ratemaking mechanism. For example, we would not anticipate that Delta would file a class cost of service study in the one-year review. Therefore, the methodologies used to functionally assign, classify and allocate costs, which are often fiercely debated issues, would not be explored in the one-year review. Likewise, revenue requirement allocation issues would not be an issue in a properly structured one-year review. It is not anticipated that cost of capital issues would be explored in the one-year review. Modifications to the terms and conditions set forth in Delta's rate schedules would not likely be a part of the one-year review. Such modifications (e.g., changes in reconnection charges) often create controversy in general rate case proceedings.

It has been our experience that periodic reviews conducted in other cost recovery mechanisms are not nearly as adversarial as general rate case proceedings. For example, the 6-month and two-year reviews conducted in fuel adjustment clause proceedings are generally not nearly as adversarial as rate cases, even though significant amount of costs are being recovered through the fuel adjustment clause mechanism. The reviews are much more focused, the structure for conducting the reviews are well defined, and the parties to the proceedings can focus on a more narrowly defined set of issues. Our experience with other mechanisms is very similar. Certainly, there have been disputes in regard to the application of demand-side management cost recovery mechanisms, gas supply cost recovery mechanisms, and environmental cost recovery mechanisms, but the intensity of the disputes and the complexity of the issues do not generally rise to the level that is often experienced in full-blown rate cases.

WITNESS: Steve Seelye

Notes

PSC 15.

a. Explain why Delta has chosen to adjust rates on an annual basis to achieve its desired level of earnings rather than implementing cost saving measures.

b. Describe the actions that Delta has taken in the last 5 years to control or reduce costs and their results.

c. Describe how Delta will use its additional revenues to "create new services and to enhance existing services in order to attract and retain customers."

RESPONSE:

a. and b. Delta always strives to operate as efficiently as possible while providing safe, reliable service. Delta constantly implements cost savings anywhere possible. This applies to each future budgeted year as well as during each year as that year progresses. The reduction in Delta's insurance expense for the next budget year is only one such example.

Delta's proposal to adjust rates will reflect such savings on a year-to-year basis, as opposed to only being considered otherwise when a general rate case is filed. This proposal is itself a cost saving measure, as it will save Delta and Delta's customers the costly rate case approach, especially if rate cases were filed annually.

Delta continually looks for ways to be more efficient and to do more with less. Delta has, since its management audit in 1991-92, implemented all of the audit recommendations. This resulted in more efficiency from Delta's expenditures. For example, 4 branch offices were consolidated into 2 locations. Through attrition, Delta's work force for operations and administration was reduced, while Delta's customer base continued to expand. Delta's company construction forces were increased in order to construct pipelines with the most efficient mix of company and contract construction crews.

Delta has continued to finance at the lowest possible rates and has refinanced its debt when rates were advantageous in order to reduce interest costs. All of these reductions and efficiencies were reflected in the rates in Delta's rate case in 1997, and thus have, and are, benefitting Delta's customers.

c. On page 5 of John F. Hall's letter of February 5, 1999 to Helen C. Helton, the statement is made at the bottom of the page that "Businesses with stronger earnings can typically devote resources to providing more and better services to attract new customers and retain existing customers." This statement was meant to highlight the fact that only by being financially healthy can Delta finance its investments and be able to provide quality service, create new services and enhance existing services. These things will allow Delta to attract and retain customers. The customers will benefit by having the availability of natural gas service as an option to electricity, or propane, or coal, or wood or oil. Thus, choices will be made available to those who otherwise would be more limited as to their energy sources.

Specifically what new services or enhancements might be developed is hard to say. This is a forward-looking statement, meant to contrast what is possible with a stronger,

financially-viable utility as opposed to one that is not. Without adequate earned returns, creation of new services and enhancements are much less likely, if not almost impossible.

WITNESS: John Hall

Notes

16. a. What effect will Delta's proposal have on Delta's retail prices over

(1) the short term?

(2) the long term?

b. If the effect of the proposal is to increase Delta's retail prices for natural gas, how will the proposal better enable Delta to compete with alternative sources of energy (e.g., electricity or propane)?

RESPONSE:

a. (1) During the 1999-2000 fiscal year, the proposed alternative ratemaking mechanism would produce an increase in revenue requirement of $1,242,419, which is 3.7% of total revenues. (See Delta's response to item 28 of the Commission's data request.) We cannot project what impact on prices that the mechanism will have on prices beyond this fiscal year.

(2) In the long-term, the impact of the proposed mechanism on the price of natural gas service cannot be determined.

b. In the short term, some form of price increase, either through a rate case or through the alternative regulation plan, will be necessary if Delta is to remain a viable company and continue to provide natural gas to customers in rural Kentucky. Delta currently has an alarmingly high payout ratio and percentage of debt and an alarmingly low interest coverage. Delta had a payout ratio of nearly 110% during 1998 and a payout ratio of more than 100% during 6 of the last 10 years. As of December 31, 1998, Delta's capital structure consisted of more than 70% debt, which is one of the highest we have found in the industry. During 1998, Delta had an interest coverage of 1.75x, which is one of the lowest we have found in the industry. In the short run, Delta has no choice but to increase prices. Therefore, in response to the question, either the alternative rate plan or a rate case will be necessary to allow Delta to continue to compete with alternative sources of energy.

In the long-run, it unlikely that continued increases in the price of gas service can be sustained. At some point, Delta will be unable to connect new gas customers and will begin to lose customers to its competitors. For this reason, Delta is extremely concerned with the impact that price increases have on its ability to compete, especially with electricity. In addition to being able to offer low prices, Delta's competitors are very effective at marketing. In particular, Delta has had difficulty in growing its base load (i.e., non-temperature sensitive load) through the customer installation of gas water heaters and cooking appliances.

Increasing its residential base load is one of Delta's top priorities. As a percentage of total sales, Delta has the lowest residential base load sales of any major gas distributor in Kentucky. (See attached.) A higher base load results in spreading fixed costs over a

larger number of billing units which would result in a lower average price. Therefore, in order to bring down the price of providing distribution service, it is important for Delta to increase its residential base load. Additionally, a low base load translates into a higher temperature sensitive load, which results in Delta's earnings being more sensitive to fluctuations in temperature. By stabilizing its financial performance, Delta is hopeful that the alternative ratemaking plan will enhance its ability to implement programs targeted at increasing its residential base load and to execute a long-term plan to remain competitive with other energy suppliers

WITNESS: Steve Seelye

Analysis of Residential Base Load Sales for Largest LDCs in Kentucky

Based on the 12 Months Ended December 31, 1998

	Union Light Heat and Power	Columbia Gas of Kentucky	Western Kentucky Gas	Louisville Gas and Electric	Delta Natural Gas Company
Gas Deliveries in June, July and August					
June 1998	186,826	227,629	290,969	561,601	43,803
July 1998	230,347	188,759	250,082	485,439	42,384
August 1998	137,383	168,151	223,798	452,865	30,117
	554,556	584,539	764,849	1,499,905	116,304
Estimated Base Load Gas Deliveries (Deliveries in June, July and August x 4 months)	2,218,224	2,338,156	3,059,396	5,999,619	465,216
Total Gas Deliveries for the Year	6,020,131	9,960,639	12,067,327	20,247,068	2,142,320
Percentage of Base Load Deliveries	36.85%	23.47%	25.35%	29.63%	21.72%

Note: Columbia Gas of Kentucky's sales includes unbilled revenues

Annual gas deliveries for Western Kentucky Gas is for the 12 months ended November 1998
Information was not available on Western Kentucky Gas for December.

Source: Monthly operating reports on file at the Kentucky Public Service Commission or provided by the utility.

17. Given current economic conditions and the current price of alternative fuels, how much could Delta's current rates increase and still remain competitive with alternative sources of energy? (The response shall state all assumptions and identify the level of rates Delta could charge and the price of each alternative fuel.)

RESPONSE:

The amount by which Delta's current rates could increase and still remain competitive cannot be determined without (1) considering the customer's price/value proposition and without (2) considering the equipment cost that the customer must incur in order to use natural gas and the alternative energy sources.

With respect to the customer's price/value proposition, residential customers often show a preference for natural gas because of the perceived benefits in comfort. Customers frequently express the view that gas heat is more comfortable than electric heat because they believe gas furnaces heat their homes quicker than heat pumps and strip heaters. A common observation offered by gas customers is that they enjoy warm air coming out of the heating vents. Customers also indicate a preference for natural gas over fuel oil and propane because natural gas is delivered directly to the home rather than having to deal with storage tanks located on the premises. Some customers also prefer natural gas over fuel oil and propane because of perceived safety considerations. It is not uncommon for customer's price/value proposition to vary by region. Since customers in rural areas are more accustomed to heat pumps and fuel oil, the value they place on comfort, convenience or safety of natural gas might be lower. The availability of contractors and people who can work on gas appliances in an area can also affect the price/value relationship. If customers have trouble finding someone to install gas equipment and perform maintenance on gas appliances, then the customer may place a lower value on natural gas.

The customer's price/value proposition can also be modified by promotional marketing and advertisement. In Delta's service territory, the electric utilities are very aggressive marketers. Kentucky Utilities and the electric cooperatives, through the Touchstone Energy Partnership, frequently run television and radio commercials as well as print advertisements touting the benefits of electric energy. Additionally, some electric utilities offer rebates on water heaters and other appliances, and in some cases offer free appliances, if the customer chooses electric service over gas. It is extremely difficult to determine how these efforts impact the price/value relationship.

Any analysis would also have to consider the cost of piping or wiring the home for natural gas or electric service. Since virtually every home is wired for electricity, a smaller incremental investment is generally required to wire the home for electric space heating, water heating or cooking. Frequently, in spite of the incremental higher construction cost for gas, builders will install gas space heating because of prospective home buyers show a preference for gas heating, but will wire the home for electric water heating and cooking because of the lower construction cost and because prospective home buyers do not show a clear preference for these gas appliances.

Determining the amount by which Delta's current rates could increase and still remain competitive is equally difficult for industrial and commercial customers. For some applications, electricity does not represent a viable alternative. Most bolilers, for example, require a fuel such as natural gas, propane, boiler fuel, or coal. As with residential customers, the equipment cost required to use natural gas and alternative energy sources must also be considered.

Another factor that makes it difficult to determine the increase that could be made and still remain competitive is that the cost of alternative energy sources vary significantly by region. For example, the residential, commercial and industrial price of electric is different depending on whether service is provided by Kentucky Utilities or one of the rural electric cooperatives in Delta's service area. In addition, fuel oil and propane operate in an unregulated market; therefore, prices can vary from region to region and from month to month.

Delta has not performed a detailed competitive assessment taking into the considerations the factors mentioned above. However, Delta periodically constructs a rough estimate of the cost of alternative energy sources for residential customers in the region. Based on information compiled by Delta, the following table shows (1) the current estimated delivered cost per MMBtu to a residential customer for natural gas, electric energy, propane, fuel oil and coal, and (2) the difference between each of these alternative energy sources and natural gas. We want to emphasize, however, that these differentials do not represent the amount by which Delta's current rates could increase and still remain competitive. One product or service is not easily substitutable for another.

Residential Energy Source	Current Estimated Cost ($/MMBtu on Input Basis)	Difference from Natural Gas ($/MMBtu)
Natural Gas	$6.69/MMBtu	$0.00/MMBtu
Electric Heating – Resistance (Kentucky Utilities)	$12.60/MMBtu	$5.91/MMBtu
Electric Heating -- High Efficiency Heat Pump (Kentucky Utilities)	$7.00/MMBtu	$0.31/MMBtu
Propane	$11.51/MMBtu	$4.82/MMBtu
Fuel Oil (Summer Price)	$5.30/MMBtu	($1.39)/MMBtu
Coal (Customer Pickup)	$3.49/MMBtu	($3.20)/MMBtu

WITNESS: Steve Seelye

18. a. Is the proposed mechanism designed to improve operational and financial performance?

b. (1) If yes, identify the components of the proposed mechanism (other than increased earnings) that would accomplish this result.

(2) If no, explain why the proposed mechanism should not be modified to include components to improve Delta's operational and financial performance.

RESPONSE:

a. Yes.

b. (1) The proposed mechanism will significantly reduce the variability experienced in Delta's earnings and will help prevent financial harm that could result from such variability. By reducing earnings fluctuations, Delta can be more consistent in its execution of long-term operating plans and in implementing marketing programs designed to increase its base load, which is a major factor affecting its average unit cost of providing gas distribution service.

In addition, by indexing Delta's non-gas supply O&M expenses per customer to the non-gas supply O&M expenses approved in Delta's last rate adjusted for CPI-U, Delta has an incentive to reduce its operation and maintenance expenses.

WITNESS: Steve Seelye

19. Provide a copy of the references listed in footnote 5 of the Application.

RESPONSE:

See attached.

WITNESS: Steve Seelye

Gas Utility Report

July 31, 1998

SECTION: UNBUNDLING; Pg. 9

LENGTH: 532 words

HEADLINE: NEVADA PUC APPROVES REGULATIONS TO DEFINE EFFECTIVE COMPETITION

BODY:

Effective competition for a gas service means "a market structure and a process under which an individual seller is not able to influence significantly the price of the service," the Nevada Public Utilities Commission said in an order approved at its July 23 meeting. The decision sets regulations that establish the process by which gas services will be designated "potentially competitive," ultimately leading to full competition for that service.

According to the PUC's definition, effective competition means that an individual seller would not be able to skew the price by manipulating the number of sellers of the service, the size of each seller's share of the market, the ability of sellers to enter or exit the market, and the price and availability of comparable substitutes for the service.

The Nevada PUC opened a generic rulemaking (97-8002) almost a year ago to explore potential approaches to **alternative-regulation** plans and followed up last month with proposed regulations to define terms such as "potentially competitive services" and effective competition (GUR, 3 July, special report). Last week's order adopted the new regulations.

A party seeking to have the commission classify a gas service as "potentially competitive" must submit a written request that identifies and fully describes the gas service. Necessary information will include the "technical and common names" of the service as well as the facilities, personnel and any other resources or components needed to classify the gas service as potentially competitive.

The request also must include the geographic market area for which the classification is being sought, the nature and extent of the market in which the service is being provided or will be provided, the classes of customers to whom the service will be provided and the source of revenues for the service. Further, it must declare any fact that is "favorable to classifying the service as a potentially competitive service," such as that it will not unduly harm a class of customers, will decrease the cost of providing the gas service to customers in Nevada or will increase the quality or innovation of the service to Nevada gas customers.

The designation-seeker also must provide any facts showing that classifying the gas service "will advance the competitive position of Nevada relative to surrounding states [and] will not otherwise jeopardize the safety and reliability of the gas service in this state," the regulations said.

According to the July 23 order, the classification of a potentially competitive service will be limited to the boundaries of the certificated service area of a single gas utility.

Once a gas service meets the requirements of a potentially competitive service, the commission will take three actions: monitor the market to determine whether effective competition is occurring; classify a gas service as competitive after determining that effective competition is occurring in the market for a service previously classified as potentially competitive; and remove any pricing provisions in an **alternative-regulation** plan that the commission determines are no longer necessary.

LANGUAGE: ENGLISH

LOAD-DATE: September 01, 1998

Gas Utility Report

March 28, 1997

SECTION: STATE REGULATION; Pg. 8

LENGTH: 252 words

HEADLINE: OHIO COMMISSION APPROVES NEW RULES IMPLEMENTING **ALTERNATIVE REGULATION**

BODY:

The Ohio Public Utilities Commission last week adopted a set of rules to implement H.B. 476, the gas **alternative-regulation** bill signed into law last June by Gov. George Voinovich. The law firmly establishes customer choice as a state policy in the supply of gas services.

To accomplish that goal, the law and the PUC rules allow local distribution companies to apply to the commission for the opportunity to compete directly with gas marketers for noncore customers, thus enabling consumers to benefit from having access to an array of gas suppliers, the March 13 order said.

The new rules (96-700-GA-ORD) also require a gas company to adopt a code of conduct to demonstrate how it is guarding against cross subsidies or other anticompetitive actions involving its regulated and unregulated operations. The utility's application also will need to show how the **alternative-regulation** plan will contribute to Ohio's competitiveness in the global economy, promote competition for gas services and address customer inquiries.

Local public hearings are required when utilities that serve 15,000 or more customers seek **alternative regulation.**

For the utilities, one of the main features of the new law is that it deregulates all services other than commodity sales, distribution and some ancillary services (GUR, 5 July, 7). For the purpose of establishing rates for regulated services it also authorizes a utility to designate which of its gas supplies were obtained to provide unregulated services.

LANGUAGE: ENGLISH

LOAD-DATE: April 24, 1997

Gas Utility Report

February 14, 1997

SECTION: Pg. 1

LENGTH: 1142 words

HEADLINE: GA. CONSIDERS 'BOTTOMS UP' APPROACH TO DEREGULATING STATE GAS INDUSTRY

BYLINE: Bruce Millar

BODY:

A far-reaching gas deregulation bill co-sponsored by state Senate Majority Leader Sonny Perdue has a strong chance of passage by the Georgia Assembly this year, gas industry officials predicted earlier this week. Just days after its introduction on Feb. 6, the legislation is stirring packed committee hearing rooms but, so far, little opposition.

Dubbed the "Natural Gas Competition and Deregulation Act" (Senate Bill 215), the legislation would establish a regulatory framework for local distribution companies as they move from current tight control under the Georgia Public Service Commission to the lighter-handed regulation.

The measure's sponsors consider the plan innovative because it provides for a "bottoms up" approach aimed at preventing cherry-picking by requiring marketers to sell to firm customers as a prerequisite to competing in the high-volume, interruptible sales market.

Under the proposal, the Georgia Public Service Commission would issue a certificate of authority to any party seeking to provide any commodity sales service or distribution service. Before Sept. 30, 2001, the PSC could make a finding that effective competition exists in a defined market when two conditions exist.

First, at least five certificated marketers, excluding utility affiliates, must be "actively marketing" within the area. Second, "at least one-third of the peak-day requirement for firm distribution service" must be served through marketers. There also must be a showing that at least 18% of the firm requirements market is being served by marketers not affiliated with the distributor.

After Sept. 30, 2001, the PSC would consider another set of factors, including the number and size of alternative providers of service, and the ability of alternative providers to make "functionally equivalent or substitute services readily available at competitive prices, terms and conditions."

The bill also would: permit performance-based ratemaking; give certificated third-party gas suppliers access to upstream facilities, including pipeline capacity, storage and receipt points; require utilities to unbundle traditional services into separate city-gate supply and delivery services for all customers; and establish a universal service fund to be overseen by the PSC.

In addition, it would provide for simultaneous entry of certificated marketers into the initial competitive gas market in the state to guard against preferential selection of marketers or administrative barriers.

Stephen Loftin, a PSC research analyst, told Gas Utility Report that Perdue's proposal is much wider in scope than one the legislator discussed with PSC officials, but never introduced, last year. Previously, Perdue indicated that he favored a deregulation proposal, similar to those seen in other states, that would permit unbundling to allow marketers to compete for gas commodity sales.

"This goes much farther," Loftin said. "We're pretty sure this has never been tried anywhere else. If it has, we wish they would let us know how it is working."

Another major difference in the new proposal is that so far the bill has not generated any vehement opposition, Loftin said. At a Feb. 6 hearing before the Senate Finance and Public Utilities Committee, several parties offered criticisms of the legislation, but none are considered insurmountable, he added. Perdue, who was instrumental in Georgia's passage of 1995 legislation to deregulate the state's telecommunications industry, has acknowledged that the bill is not "perfect."

Loftin noted that interest in bringing gas competition to the state has grown. "Before, the only people involved" in the debate were utilities, marketers, large-volume customers, the consumers counsel and the PSC. "Now the bill is out there and more people are beginning to ask questions," he said. "It's interesting, the committee room is getting more and more crowded."

The legislation won plaudits from Atlanta Gas Light Co., which has disagreed with the PSC on the most desirable approach for fostering more competition (GUR, 17 Jan, 11). Perdue's proposal is encouraging because it "goes a long way" toward achieving many of the objectives of a proposal that the utility submitted last fall to a pair of legislative committees studying the state's gas business, an Atlanta Gas spokesman said.

"It has the basic structure" of the company's proposal, he maintained. "There are some problem areas that need to be ironed out, and we think that is doable. We are over there trying to accomplish that," the spokesman said. "The sense is fairly optimistic that the bill will be passed."

The intent of the bill is to provide fair competition with-out any advantage or disadvantage for affiliated marketers, he observed. The concerns that the utility does have center on "the degree that [intent] may not have been exactly fulfilled in the first draft language."

The PSC also has some trouble with aspects of the bill, and Loftin said suggested amendments have been offered to Perdue to address the commission's primary concerns. One problem is the legislation's requirement that once utilities elect **alternative regulation** they must be subject to straight fixed-variable rates.

"We're very unhappy with that," Loftin said. "I told the [committee hearing] that no other legislature in the country mandates one method over another in regulating prices."

A second PSC concern is the threshold at which a particular market would be considered competitive. Sufficient competition can protect consumers, but the commission contends that the proposed threshold for deeming a market competitive is too low. "Our concern there is obvious," Loftin said. While the bill requires that one-third of the peak-day firm market be subject to competition in order for a market to be deregulated, it also allows an LDC marketing affiliate to "grab up to 82% of the market." A threshold based on independent marketer sales of just 18% "is much too low," he said.

Another issue is the PSC's desire for a fail-safe provision that would be activated in the event a market is deregulated but fails to remain competitive. The PSC wants authority to re-regulate the market if competition fails, Loftin said.

Finally, the PSC is not satisfied with the bill's universal service fund provision, which would be supported by pipeline rate refunds, earnings allocable to ratepayers under PBR programs and a surcharge added to firm delivery service rates. The commission does not want to create a "fattened calf," Loftin said, adding that "we don't want word getting out that you don't have to pay your gas bill because the state will." The PSC advocates a tightly drawn provision "that would not cost people who pay their bills on time. That is just not fair," he said.

LANGUAGE: ENGLISH

LOAD-DATE: March 06, 1997

Gas Daily

March 19, 1997

SECTION: Vol. 14, No. 54

LENGTH: 463 words

HEADLINE: Pa. gas restructuring bill called progressive

BODY:

A bill being readied for introduction to the Pennsylvania Legislature would completely unbundle the merchant function at the state's gas utilities, opening up their systems to transportation down to the residential level.

Republican Rep. Frank Tulli plans to introduce his Natural Gas Choice and Competition Act on March 26, and has so far signed on 33 co--sponsors.

The bill would require utilities to begin providing unbundled services to retail customers by Jan. 1, 1999.

Restructuring proposals must be submitted to the Pennsylvania Public Utility Commission (PUC) by Dec. 30 this year, and the commission would then have nine months to act on the plans. If a proposal is rejected, the utility would have 30 days to refile.

"What Rep. Tulli is doing is long overdue, and the direction he's going should bring significant benefits to the consumers of Pennsylvania," said Craig Goodman, senior vice president for law, regulation and public policy at ERI Inc., a unit of Equitable Resources that handles legal matters for distributor Equitable Gas and other divisions. He noted that the PUC and Pennsylvania Gov. Tom Ridge have received rave reviews for their work on electric competition, and the gas bill "is a good encore."

A draft of the bill includes language that the PUC could certify marketers to become suppliers of last resort, in addition to gas distributors. Utilities will be allowed to charge a non--bypassable rate to allow cost recovery for low--income and conservation programs. Marketers wishing to serve customers would have to be licensed by the PUC, demonstrating their financial and technical fitness.

Opening up the possibility of marketers serving as the supplier of last resort is "a very progressive position," Goodman said. "The more ways that obligation can be satisfied, the greater price competition can be in the marketplace."

Utility proposals must include unbundled rates; a universal service and conservation plan; procedures for ensuing direct access to all licensed natural gas suppliers; impact on utility employees; and other information the PUC may require.

The bill also would allow the use of performance--based rates or other **alternative regulation.**

No utility, including municipally--owned systems, would be allowed to compete for customers on another system until they have unbundled their own services, providing direct comparable access across the state.

That language would "encourage companies to open up their systems faster and more transparently," Goodman added. "It would not be fair to let [a utility] compete while they have their own doors closed to competition."

So far the PUC has not taken a formal stand on the proposal, but a spokesperson noted the commission is pro--competition. SG

LANGUAGE: ENGLISH

Notes

20. Refer to the Application at 8 –10.

a. Provide a copy of the current Rate Stabilization and Equalization Plans for Alabama Power Company and Alabama Gas Company and the Orders of the Alabama Public Service Commission in which approval for those plans was granted.

b. (1) List all other regulated public natural gas or electric utilities that have alternative regulation plans similar to Delta's proposal.

(2) For each utility listed above, provide its alternative regulation plan and the order of the appropriate regulatory commission in which the plan was approved.

c. For each plan provided in response to Item 20(a) and 20(b).

(1) Identify the provisions that are similar to those contained in Delta's proposal.

(2) Identify and describe all provisions for cost containment.

(3) Describe the extent of regulatory oversight of the level of operating costs that are included in the annual rate adjustments.

(4) State if the utility is subject ot any annual review of revenues and expenses prior to implementation of the annual adjustment.

(5) Describe how changes in the allowed rate of return can be made.

RESPONSE:

a. Attached is what we believe are the current RSE tariffs for Alabama Power Company and Alabama Gas Company and the order approving the RSE for Alabama Gas Company. We do not have a copy of the order approving the RSE for Alabama Power Company.

b. (1) We have not conducted an exhaustive review of alternative regulation plans for natural gas and electric utilities. With the exception of the two Alabama utilities listed above, we are unaware of any other gas or electric utility that has an alternative regulation plan similar to Delta's proposal.

c. The Alabama plans utilize budgeted data on an annual cycle; however, unlike Delta's plan, the Alabama mechanisms never fully reconcile to actual historical costs. Both plans have a revenue cap on the annual adjustment. Both plans have operation and maintenance cost controls. Both plans have an equity cap of 60 percent. Both plans have a bandwidth or range with respect to the return on equity. Clearly, the O&M cost controls, the equity cap

and the ROE bandwidth are constraints on cost. We have no knowledge of the extent of regulatory oversight, the review process or how changes may be made to the allowed rate of return.

WITNESS: Steve Seelye

RATE STABILIZATION AND EQUALIZATION FACTORS (RSE)

APPLICABILITY

Applicable as an integral part of each rate schedule of the Company in which reference is made to this Rate Stabilization and Equalization Factor (RSE) and to Special Contracts as applicable.

EXPLANATORY STATEMENT

It is the purpose of the RSE to lessen the size of rate increases by permitting the Company, through the operation of a filed and approved tariff provision, to adjust its base rates more readily to achieve the rate of return allowed it in the rate orders of the Commission. By the provisions hereof the base rates are also decreased if the designated rate of return is exceeded. Other provisions limit the impact of any one adjustment.

APPLICATION OF RSE FACTOR AND CALCULATION PROCEDURES:

Monthly bills on December 1, 1996 shall be adjusted (increased or decreased) by the application of an RSE computed in accordance with the procedures described herein with respect to the return on average common equity produced by the Company's budget, for the fiscal year ending September 30, 1997 at rates in effect immediately prior to December 1, 1996. (C) Volumes used to compute recovery of the RSE shall be those volumes estimated to be billed during the period December 1, 1996 through September 30, 1997. For purposes of (C) subsequent quarterly RSE computations, the Company's budget shall be revised by the effects of this provision and shall be as it were the official Company budget for the remainder of the fiscal year ending September 30, 1997 until such budget is revised by the Company's (C) Board of Directors. Monthly bills on and after April 1, 1997 shall be adjusted by the (C) application of the RSE in accordance with the procedures further described herein. An RSE shall be computed to be effective December 1, 1997 and each December 1 thereafter. Rates (C) effective December 1 shall be adjusted (increased or decreased) in accordance with the RSE computed with respect to the return on average common equity (RCE) produced by the Company's budget, as approved by its Board of Directors, for the fiscal year beginning October 1, 1997 and each October 1 thereafter using base rates in effect on the (C) immediately preceding October 1. Should the return produced by such budget produce a return on average common equity at the end of the Company's fiscal year that is higher than the RSE range, rates shall be reduced to produce a return on average common equity at the Adjusting Point of the RSE range by the end of the Company's fiscal year. Similarly, if the return on average common equity produced by such budget is below the RSE equity

RATE STABILIZATION AND EQUALIZATION FACTORS (RSE) (Con't.):

range, rates shall be increased to produce a return on average common equity at the Adjusting Point of the RSE range by the end of the Company's fiscal year. If such return on average common equity is within the RSE range, no RSE rate adjustment will be made.

Since the Company's budget will be used to compute the annual adjustment, quarterly reviews of the Company's return on common equity at the end of the fiscal year using a combination of actual and budget results will be made. Rate reductions will be allowed if the quarterly reviews indicate that the Company's return on average common equity at September 30 will be above the RSE range, such rate reductions to be effective April 1, July 1 and October 1 of each year as appropriate. However, no rate increases will be allowed as a result of the quarterly reviews which would otherwise be effective on April 1, July 1 and October 1 of each year.

4 3 3 2

Calculations of the quarterly reviews of the RCE shall be made with the closing of the Company's books for the first month of each of the three applicable calendar quarters (the Points of Test). The RSE effective April 1 will be derived following a Point of Test at January 31; the RSE effective July 1 derived following a Point of Test at April 30; and the RSE effective October 1 derived following a Point of Test at July 31.

If the RCE computed with respect to the Company's budgeted fiscal year ending September 30 shall be less than 13.15% of greater than 13.65% (being the Equity Return Range), the base rates under the respective rate schedules and Special Contracts as applicable shall be adjusted by the amount necessary, in total, to restore the RCE to 13.4% (being the Adjusting Point in the Equity Return Range), except that only rate decreases shall be allowed for the RSEs effective April 1, July 1 and October 1.

The RSE shall be developed by the formula attached as Appendix A hereto. The RSE shall be computed through the tabulations specified on Appendix B hereto directly from the actual results recorded in the books of account of the Company, kept as required by the Uniform System of Accounts, and by the Company's budget as approved by its Board of Directors. Such Appendices, including the definitions therein, and the Special Rules Governing Operation of the RSE constitute an integral part of this tariff provision.

RSEs computed to be effective December 1, 1996 and thereafter, as allowed, shall be placed on the commodity charges of all rate schedules and Special Contracts to which the RSE is applicable. Commodity charges of the Company's rate schedules and applicable Special Contracts, as adjusted, shall be further adjusted by applying the current quarterly RSE adjustments, as allowed, to the total of the previously effective adjustments. (C)

RATE STABILIZATION AND EQUALIZATION FACTORS (RSE) cont:

PERCENTAGE LIMITATION:

Annual increases or decreases derived by the operation of the RSE shall be limited to not more than four percent (4%) of the Annual Revenue (AR) as hereinafter defined. (T)

COST CONTROL MEASUREMENTS:

Certain cost control measurements shall be designed and implemented to encourage restraint in the Company's Operation and Maintenance expense levels by achieving expense levels within an acceptable range suitable both to ensure adequacy of the distribution system and its operations and to encourage efficient productivity levels for the benefit of the ratepayers. To that end, the following cost control design is applicable to Rate RSE and shall be computed through the tabulations specified as Appendix C hereto:

1) The measure of efficiency shall be operation and maintenance expense (O&M) per customer, which is a commonly accepted performance standard of the natural gas distribution industry.

2) The Index for measurement shall be the national Consumer Price Index for all Urban Consumers (CPI-U) (the Index).

3) There will be an annual fiscal year review based upon the completed fiscal year's O&M per customer expense compared to the expected O&M per customer expense (defined as the immediately preceding fiscal year O&M expense per customer multiplied by the Index).

4) If O&M expense per customer as compared with the Index is plus (+) or minus (-) 1.25% (the Index Range), there will be no adjustment. To the extent the Company's O&M expense per customer exceeds the Index Range, the Company will return three-quarters (75%) of the difference to customers through the adjustment to be effective December 1 through September 30. To the extent the Company's O&M expense per customer is less than the Index Range, the Company will net one-half (50%) of the difference to rate reductions, if any, effective April 1, or July 1 or October 1, otherwise the difference will be added to the RSE adjustment to be effective the next December 1 through the following September 30.

5) For purposes of the above-referenced cost control measurement, expenses related to changes in accounting principles and methods shall be excluded, as appropriate.

The initial filing of this Cost Control standard shall be made December 15, 1990.

Rate Stabilization and Equalization Factors (RSE) con't:

In addition, should the common equity component at September 30 exceed 60% of total capital including short-term debt and long-term debt due within one year a pro-forma capitalization will be determined, through the tabulations specified as Appendix D, hereto, in which the level of long-term debt will be increased from that at September 30 by an amount equal to the amount that the level of common equity will be decreased in order to achieve an imputed capital structure at September 30 containing a common equity component of 60% while the level of total capital shall remain unchanged from that at September 30. Net income will be adjusted pro-forma for the effect of an additional interest charge calculated on the increased long-term debt so imputed, using the interest yield rate as published in the Wall Street Journal for 10+ year High Quality Corporate Bonds on the most recent business day preceding September 30. A pro-forma return on common equity (RCE) for the actual fiscal year ended September 30 will then be calculated based on this imputed net income and capital structure. If the imputed RCE is above the Equity Return Range, a revenue adjustment will be determined, through the tabulations specified as Appendix A hereto, (replacing ACE on Appendix A with the Common Equity level imputed on line (8) of Appendix D herein), to restore the imputed RCE to the Adjusting Point in the Equity Return Range and the amount of the adjustment passed back to customers through the adjustment to be effective December 1 through the following September 30. If the computed RCE is within or below the Equity Return Range, no adjustment will be made. (N)

APPENDIX A

RATE STABILIZATION AND EQUALIZATION FACTORS (RSE) FORMULA:

The RSE shall be calculated in accordance with the formula set out below and shall be applied so as to adjust the base rates under the respective rate schedules and Special Contracts as applicable: (C)

If $\dfrac{\dfrac{(AROR - RCE)\ (ACE)}{(1-t)\ (1-R)\ (1-T)}}{AR}$ is greater than 4%, then, (C)

$$\frac{(4\% \times AR)\left(\frac{Rs}{Rt}\right)}{Mcfs} = RSE \quad \text{(C)}$$

If $\dfrac{\dfrac{(AROR - RCE)\ (ACE)}{(1-t)\ (1-R)\ (1-T)}}{AR}$ is equal to or less than 4% then, (C)

$$\frac{\dfrac{(AROR - RCE)\ (ACE)}{(1-t)\ (1-R)\ (1-T)}\left(\frac{Rs}{Rt}\right)}{Mcfs} = RSE \quad \text{(C)}$$

Where, (T)

AROR = Adjusting point of Equity Return Range (13.4%).
RCE = Return on average common equity (Appendix B). (C)
ACE = 13 month average common equity (Appendix B). (C)
AR = Annual revenues of the Company for the most recent twelve months ended September 30 of the pre-budget year (C)
Mcfs = The budgeted Mcf sales or transporation under rate schedules and Special Contracts, as applicable, for service rendered from the RSE effective date to the end of the fiscal year. (C)
Rs = The total revenue from each respective rate schedule block and Special Contract, as applicable, for the most recent twelve months available. (C)
Rt = The total revenues from all rate schedules and Special Contracts, as applicable, for the most recent twelve months available. (C)
R = Combined Revenue Tax and APSC Fee rate.
T = Combined Federal and State income taxes = $\dfrac{F + S - 2FS}{1 - FS}$
F being the statutory Federal income tax rate and S being the statutory State income tax rate to the extent such rates are not a function of the Tax Adjustment Rider.
RSE = Rate RSE per unit of volume (Mcf) for Rate Schedule blocks and Special Contracts as applicable. (C)
t = Fraction of fiscal year remaining at RSE effective date times 1/2 AROR. (N)

APPENDIX B

RATE STABILIZATION AND EQUALIZATION FACTORS (Con't)
DETERMINATION OF RETURN ON AVERAGE COMMON EQUITY (RCE) (C)

1. The RCE will be computed for the twelve-month period ending at the budget fiscal year September 30. The computed RCE shall be calculated in accordance with the formula and specifications set out below:

Twelve Months Statement of Income	September 30, 19	
Actual Net Income ___ months	$ _____	(1)
Budget Net Income ___ months (See Section 2B)	_____	(2)
Dividends on Preferred Stock	_____	(3)
Balance for Common (1)+(2)-(3)	$ _____	(4)
Plus Expense Adjustment:		
Civic Club Dues	$ _____	
Country Club Dues	_____	
Dinner Club Dues	_____	
Lobbying Expense	_____	
Donations	_____	
Total Expense Adjustment	$ _____	(5)
After Tax Expense Adj. (5) x .63784*	_____	(6)
Adjusted Balance for Common (ABFC) (4)+(6)	$ _____	(7)
Average Common Equity (ACE)	$ _____	(8)
RCE = (7) / (8) x 100	_____ %	(9)

*Or current factor if tax rate changes to the extent such factor is not a function of the Tax Adjustment Rider

APPENDIX B con't

2. REVENUE AND EXPENSE ANNUALIZATION: (C)

The revenue and expense annualization shall utilize the actual results of the months of the current budgeted fiscal year prior to the point of test in combination with the budgeted results of the months subsequent to the point of test for a total of twelve months ending September 30.

A. ACTUAL NET INCOME: (C)

Actual Net Income shall be as recorded on the Company's books for the actual months of the current fiscal year at the point of test.

B. BUDGET NET INCOME: (C)

Net Income for the budgeted months of the current fiscal year subsequent to the point of test shall be taken from the Company's current budget as approved by the Company's Board of Directors and as herein modified for fiscal year 1991.

APPENDIX C

Rate Stabilization and Equalization Factors (Cont'd)
Determination of Cost Control Measurements (CCM) (N)

	Prior Fiscal Year (A)	Current Fiscal Year (B)	
O&M Expenses:			
O&M Expense per Books	$	$	(1)
Adjustments (Net)*	$	$	(2)
Adjusted O&M Expense	$	$	(3)
Average Customers			(4)
O&M/Customer (3)÷(4)	$.	$.	(5)
Increase(Decrease) (B5)-(A5)		$.	(6)
Percentage Change (B6)÷(A5)		. %	(7)
CPI-U:			
	.	.	(8)
Increase(Decrease) (B8)-(A8)		.	(9)
Percentage Change (B9)÷(A8)		. %	(10)
Allowed Range:			
(B10) + 1.25%		. %	(11)
(B10) - 1.25%		. %	(12)
Index Range:			
O&M Allowed:			
High (A5)+(A5)x(B11)		$.	(13)
Low (A5)+(A5)x(B12)		$.	(14)
Adjustment Required:			
If (B5)>(B13): (B13)-(B5), or			
If (B5)<(B14): (B14)-(B5), or 0		$.	(15)
Gross Amount (B15)x(B4)		$	(16)
Net Adjustment: If (B16)>0:(B16)x 50%			
or If (B16)<0:(B16)x 75%		$	(17)
Revenue Taxes (B17) x .056		$	(18) (T)
Adjustment (B17)+(B18)		$	(19)

* Explanation to be attached

APPENDIX D

PRO-FORMA RETURN ON COMMON EQUITY (RCE)
at September 30, 19____

(N)

I. Computation of Common Equity Limitation:

Common Equity	$	(1)
Long-Term Debt		(2)
Long-Term Debt due within 1 year		(3)
Short-Term Debt		(4)
Preferred Stock		(5)
Total Capitalization (1)+(2)+(3)+(4)+(5)	$	(6)
Allowed Common Equity Percentage	60.0%	(7)
Common Equity Limitation (6)x(7)	$	(8)
(If Line (1) > Line (8) complete Section II)		

II. Computation of Pro-forma RCE:

Pro-forma Long-Term Debt Adjustment (1)-(8)	$	(9)
Interest Yield Rate (10+ yr High Quality Corporate Bonds September___, 19___)	%	(10)
Pro-forma Interest Adjustment (9)x(10)	$	(11)
Income Taxes .36216* x line (11)		(12)
Pro-forma Net Income Adjustment (11)-(12)		(13)
12 Months Net Income September 30, 19___		(14)
Imputed Net Income for RSE (14)-(13)	$	(15)
Pro-forma RCE (15) ÷ (8)		(16)

* Or current effective income tax rate

SPECIAL RULES GOVERNING OPERATION OF RSE

1. The Commission finds that the adoption of RSE and the resulting reduction of the number of general rate increase requests filed by the Company, given the increased monitoring and auditing provisions of the RSE and this agreement, will increase the Commission's ability to fulfill its statutory duty to supervise the overall operation of the Company as provided in Title 37, Code of Alabama (1975). The absence of lengthy and time-consuming hearings occasioned by general rate cases brought by this Utility will provide a better opportunity for the Commission and its staff to effectively monitor the Company's daily operations and to investigate regulatory matters which heretofore have remained unaddressed.

2. The Commission finds that this increased supervision is essential to the protection of the Company's retail customers, and is a proper and necessary exercise of the Commission's statutory responsibilities. The Commission expressly acknowledges that its function is to regulate the Company, not to substitute its judgement for that of the Company's management, subject to the demonstration that the Company is honestly, economically and efficiently managed.

3. Given the unique nature of the RSE, the Company recognizes the Commission's increased over-sight responsibilities and the need for additional monitoring by the Commission and its staff above the previous levels of reporting, auditing and inspection. The Company by acceptance of these Rates commits itself to cooperate fully with the Commission, its staff, the Attorney General of the State of Alabama, and any successor State agency charged with the duty of representing the interests of the consuming public in this regard.

4. In furtherance of the Commission's increased monitoring role and activities, the Company agrees as follows:

   (a) The Company shall furnish to the Commission, its staff, and on request, to the Attorney General or any successor State agency charged with the duty of representing the consuming public, all reports and other data which are identified on Exhibit "A" hereto, and which are not otherwise furnished under this Paragraph 4.

   (b) The Company shall provide to the Commission, its staff, and on request the State agency responsible for representing the consuming public, entries on Appendices B and C to Rate RSE at least four weeks prior to the initiation of an increase or decrease derived by the operation of RSE. (C)

Special Rules Governing Operation of RSE con't:

(c) The Company shall provide to the Commission, its staff, and the State agency representing the consuming public, financial schedules related to the operation of the RSE which the Company prepares on a regular basis as requested.

(d) The Company shall produce at its General Office upon request by the Commission, its staff, or the State agency charged with representing the consuming public, published projections of the Company's financial condition which have been made in the normal course of business.

(e) The Company shall provide the Commission, its staff, and on request the State agency charged with representing the consuming public, all preliminary and final prospectuses promptly after filing.

(f) The Company agrees to provide the Commission, its staff, and on request the State agency charged with representing the consuming public, copies of its Audited Financial Statements as soon as they become available.

(g) The Company agrees that if the Commission, its staff, or the State agency charged with representing the consuming public, makes a reasonable request for any documentation or explanation of any accounting entries that support Appendices B, C and/or D to the RSE, the Company shall, within five (C) working days from the receipt of written request provide full and complete response to said request.

(h) The Company agrees that its refusal or delay in complying with the reasonable data requests under item (g) (T) above of the Commission, Commission staff and the State agency charged with representing the consuming public, in connection with Rate RSE shall, unless the Company can (after notice and opportunity for hearing) show just and reasonable cause for its refusal or delay, have the effect of suspending the next succeeding quarterly increase in operation of the RSE for the number of days equal to the number of days the Company has failed to comply with any such data requests.

5. The Company and Commission agree that the Uniform System of Accounts as used in the RSE is the system of accounts in effect as of the date of this agreement. The Commission and Company further agree that any modifiction or amendment to the Uniform System of Accounts by the NARUC shall not be binding on the Commission in computing the RSE unless and until adopted by the Commission.

Special Rules Governing Operation of RSE con't:

6. The Company pledges its good faith and cooperation in all areas pertaining or relating to activities by the Commission or its staff in the exercise of its monitoring, auditing and inspection functions as well as the specified reporting requirements imposed upon the Company herein.

7. Limited Complaint Proceedings Respecting Computation of the RSE. The Commission may hold limited complaint proceedings (Section 37-1-83, et seq.) to inquire into the amount, accuracy and compliance with the Uniform System of Accounts or into any material changes in accounting treatments of all expenditures and book entries of the Company utilized in the computation of the RSE adjustment or to make inquiries into any facets of the Company's operations involving questions relating to honest, efficient or economical management. In any such complaint proceedings, the burden of proof as to the amount and verification of expenditures, as to any material changes in accounting treatments, and as to conformity with the Uniform System of Accounts shall be upon the Company, and the burden of proof in any challenge to the Company's conformity to the standard of honest, efficient and economical management shall be upon the complainant or the Commission.

Changes, if any, made in the amount of any numbers or items in Appendix B of the RSE as a result of such a complaint proceeding shall be effective on the next quarterly computation under the RSE immediately following the resolution of the complaint proceeding by the Commission. If the changes indicate an over collection by the Company pursuant to the RSE, a further compensation adjustment factor based upon the amount of such over collection shall be returned to customers as the Commission may order; providing, however, that such compensating adjustment shall apply only to collection pursuant to the RSE rider and shall apply to adjust for over collection for no more than two calendar quarters prior to the quarter in which the complaint is resolved by the Commission. (C)

Any complaints under this procedure shall be heard and resolved by the Commission prior to the quarterly adjustment of the quarter following the filing of such complaint if possible, but in no event later than the beginning of the second quarter following the filing. If the delay is occasioned by the Company's fault or refusal or inability to proceed upon proper notice, any complaint unresolved by the beginning of such second quarter shall be deemed to be resolved against the Company until such time as the complaint is resolved by the Commission. Nothing in this paragraph shall be deemed as restricting or abrogating any right of appeal to the Courts under applicable law.

Special Rules Governing Operation of RSE con't:

8. The Company agrees to make no general retail rate increase filings to be effective prior to December 1, 1993. The (C) Commission, in consideration of the Company's acceptance of the modifications to Rate RSE contained herein, agrees to make no change in the RSE nor reductions in the rate schedules to which they apply, to be effective prior to December 1, 1993, and to make no changes in the RSE range (C) before July 31, 1992. Adjustments hereunder shall continue after November 30, 1993, provided however, the Commission may, after reasonable notice to the Company, affirmatively vote to modify Rate RSE or discontinue the operation of Rate RSE after such date without changing rate levels then in effect. It is, however, expressly understood by both the Company and the Commission, that an unforeseen event , (C) whether physical or economic, of the nature of force majeure may occur, and in such event, the Company and the Commission shall consult in good faith to determine whether such commitments should be modified and, failing agreement thereon, the parties may take such actions as in good conscience they deem appropriate.

9. To facilitate effective monitoring and the orderly flow of data, the Commission and the Company shall each designate an individual or office to or through which all questions, information requests and visits shall be coordinated. Any such requests for information (including specifically, requests to visit any Company premises) shall be upon reasonable advance notice transmitted through the coordinators and shall be consistent with the safe and orderly conduct of the Company's business. However, nothing in this paragraph shall be construed as restricting in any manner the Commission in the proper exercise of its regulatory rights, power, authority, jurisdiction and duties as provided in Title 37, Code of Alabama (1975), as amended.

EXHIBIT A
SPECIAL RULES GOVERNING OPERATION OF RSE (Cont'd)

Documents to be provided:

1. Balance Sheet - Each Month

2. Statement of Income - Current Month, this year, last year; 12 Months Ended, this year, last year.

3. Meters Billed, Sales Mcf and Revenue by Customer Class - Current Month, Year-to-Date.

(D)

4. Annual Operating Budget*

5. Annual Construction Budget

6. Annual Financial Report (i.e. FERC Form 2)

7. Audited Financial Statements as available.

8. The Company will provide other documents related to the RSE upon reasonable request by the Commission Staff.

* Revisions to the budget will be submitted no later than each Point of Test date.

ALABAMA POWER
A SOUTHERN COMPANY

RATE RSE
RATE STABILIZATION AND EQUALIZATION FACTOR

By order of the Alabama Public Service Commission dated March 5, 1990 in Dockets #18117 and #18416.

Effective for December 1, 1982 billings and thereafter; modified effective for July 1, 1985 billings and thereafter; modified effective for April 1, 1990 billings and thereafter.

PAGE	EFFECTIVE DATE	REVISION
1 of 4	April, 1990 Billings	Second

AVAILABILITY

Same as the specific rate incorporating this Rate RSE by reference.

APPLICABILITY

Applicable as an integral part of each rate schedule of the Company in which reference is made to this Rate RSE.

EXPLANATORY STATEMENT

It is the purpose of Rate RSE to lessen the impact, frequency and size of retail rate increase requests by permitting the Company, through the operation of a filed and approved rate, to adjust its charges more readily to achieve the rate of return allowed it in the rate order of the Commission. By provisions in the rate the charges are also decreased if the designated rate of return level is exceeded. Other provisions limit the impact of any one adjustment.

APPLICATION OF RATE RSE AND CALCULATION PROCEDURES

Monthly bills on and after April 1, 1990, shall be adjusted (increased or decreased) by the application of a rate stabilization and equalization factor ("RSE Factor") in accordance with the Procedure herein described. The Company's rate of return on end-of-period common equity, separated to the retail electric service ("RRCE"), shall be computed for the twelve-month period ended January 31, 1990. If the RRCE as so computed shall be less than 13.0% or more than 14.5% (13.0 - 14.5% being "the Equity Return Range"), then the current monthly bills under the respective rate schedules subject to this Rate RSE shall be increased or decreased by amounts per kilowatt-hour necessary, in total, to restore the RRCE to 13.75%, the "adjusting point" in the Equity Return Range.

The RSE Factor shall be developed by the formula attached as Appendix A hereto. The RRCE shall be computed directly from the books of account of the Company, kept as required by the Uniform System of Accounts, through the tabulations specified on Appendix B hereto. Such appendices, including the definitions therein, and the Special Rules Governing Operation of Rate RSE and CNP constitute an integral part of this rate.

ALABAMA POWER
A SOUTHERN COMPANY

RATE RSE
RATE STABILIZATION AND EQUALIZATION FACTOR

By order of the Alabama Public Service Commission dated March 5, 1990 in Dockets #18117 and #18416.

Effective for December 1, 1982 billings and thereafter; modified effective for July 1, 1985 billings and thereafter; modified effective for April 1, 1990 billings and thereafter.

PAGE	EFFECTIVE DATE	REVISION
2 of 4	April, 1990 Billings	Second

The RSE Factor shall be revised for application in each subsequent calendar quarter by an RRCE computed with respect to the twelve-month period ending with the first month of the prior calendar quarter (the "point of test"). (For example, the revision of the RSE Factor for use in the period October 1, 1983 through December 31, 1983, will be derived from an RRCE computed for the twelve-month period ending July 31, 1983.) For monthly billings in the calendar quarters commencing April 1, 1990 and thereafter, the kilowatt-hour charges under the respective rate schedules shall be adjusted by applying the current, quarterly revision of the RSE Factor to the existing kilowatt-hour charges as theretofore adjusted for the cumulative effect of all prior RSE Factors.

LIMITATIONS

Except as provided herein, each increase or decrease derived by the operation of the RSE Factor shall be limited to an adjustment of no more than 2% of the total retail revenues of the Company ("RR") for the twelve-month period used to compute the RRCE. Further, there shall be no two consecutive quarterly adjustments in the same direction. In the event this consecutive quarterly limitation causes a quarterly rate adjustment to be avoided, then the Company shall carry forward to the next succeeding quarterly adjustment (if any) a percentage equal to the mathematical difference between 2% and the amount of the RSE percentage adjustment computed for the quarter immediately preceding the quarter for which the adjustment was avoided. This carry-forward percentage (or a portion thereof) shall be used in addition to the 2% limitation for that next succeeding quarterly adjustment (if any), but only to the extent the RSE test for that next succeeding quarter provides for an additional percentage adjustment (above 2%) to reach the adjusting point in the RRCE range. In no event shall increases exceed 4% for any calendar year.

Moratorium Period - Rate RSE shall not operate to increase charges under any rate schedule to which it applies prior to the adjustment (if any) to take effect on July 1, 1991.

OTHER LIMITATIONS AND PROVISIONS

Capital Structure. The common equity ratio of Alabama Power Company at April 30, 1985 was 36.0%. With Rate RSE in effect and with expected increases in retained earnings, the Company's common equity ratio would be expected to improve toward higher levels more common in the industry. It is, however, possible to increase common

equity by infusions of capital investment and the intent of Rate RSE is to provide a measure of rate stabilization and equalization. Rate RSE will therefore be further restricted in its operation so that increases in the Company's common equity ratio in excess of 2-1/2 percentage points in any twelve-month period used to compute the RRCE will not be recognized in the operation of the rate. Further, if any increase attributable to infusions of equity investment capital (and not attributable to net increases in retained earnings nor retirement of outstanding debt) shall cause the Company's common equity ratio to exceed 40%, then such increase will not be recognized in the operation of the rate.

Jurisdictional Allocations. In the computation of RRCE and the RSE Factor, it is necessary for jurisdictional purposes that allocations be made as between electric and nonelectric operations and then as between retail electric service and electric service other than retail. For the applications of this Rate RSE, the Company's cost-of-service study filed with and reviewed by the Commission has been used for the July, 1989, RSE Factor and thereafter, with these entries in Appendix B:

Page 1, line 16	Retail Electric Investment Factor	95.33%
Page 2, line 11	Retail Expense Allocation Factor	94.91%
Page 2, Line 17	Retail Electric Allocation Factor (for AFUDC)	94.30%

Similar studies will be prepared and filed annually beginning May 1, 1990, and the most recent cost-of-service study shall be used in computation of RRCE and the RSE Factor. Corrections or revisions proposed thereto, if not accepted by the Company, may be made the subject of a limited complaint proceeding under the Special Rules Governing Operation of this Rate. If such a complaint proceeding is instituted and not completed before the next succeeding RSE computation, the lower of the existing factors or the newly filed factors shall be used in computations under this rate until such complaint proceeding is resolved.

COMMISSION-REQUIRED ADJUSTMENTS

Advertising Expense. In its decision in Alabama Power Company v. Alabama Public Service Commission, 359 So. 2d 776 (Ala. 1978), the Supreme Court of Alabama recognized advertising expense as an allowable expense for a utility company in a ratemaking proceeding. However, as an additional constraint upon expenditures by the

ALABAMA POWER
A SOUTHERN COMPANY

RATE RSE
RATE STABILIZATION AND EQUALIZATION FACTOR

By order of the Alabama Public Service Commission dated March 5, 1990 in Dockets #18117 and #18416 and *by order dated December 9, 1991 in Docket #U-3363.

Effective for December 1, 1982 billings and thereafter; modified effective for July 1, 1985 billings and thereafter; modified effective for April 1, 1990 billings and thereafter; modified effective for January 1, 1992 billings and thereafter.

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Company, in each computation under Rate RSE one-half (1/2) of the amounts in Accounts 909 and 930.1 will be disallowed.

Lobbying Expense. The expenses of lobbying are appropriately charged to Account 426.4 and will not be charged to the ratepayer in any computation of this Rate RSE or otherwise.

Donations. In its decisions in Alabama Power Co. v. Alabama Public Service Commission, 359 So. 2d 776 (Ala. 1978) and Alabama Power Co. v. Alabama Public Service Commission, 390 So. 2d 1017 (Ala. 1980), the Supreme Court of Alabama has ruled that charitable donations (Account 426.1) cannot be proper expenses of a utility company for ratemaking purposes. Unless and until this matter is dealt with otherwise by legislation or subsequent court rulings, the Company will not undertake to move such expenditures from "below-the-line" to "above-the-line" status in any computation under this Rate RSE or in any ratemaking proceeding.

Civic Club Dues. Civic club dues are properly charged to Account 426.5 and will not be charged to the ratepayer in any computation of this Rate RSE or otherwise.

* Gulf States Settlement. An amount of $22,409,642 (reduced by appropriate Federal and state income taxes) shall be added as a Commission-Required Adjustment for each of the quarterly RSE computations for the periods beginning with the January 1992 test and ending with the July 1994 test. This Commission-Required Adjustment will expire and have no effect for the October 1994 test for an adjustment (if any) to be effective January 1, 1995.

SPECIAL RULES

The Special Rules Governing Operation of Rates RSE and CNP constitute an integral part of this rate.

ALABAMA POWER
A SOUTHERN COMPANY

RATE RSE - APPENDIX A
RATE STABILIZATION AND EQUALIZATION FACTOR

By order of the Alabama Public Service Commission dated March 5, 1990 in Dockets #18117 and #18416.

Effective for December 1, 1982 billings and thereafter; modified effective for July 1, 1985 billings and thereafter; modified effective for April 1, 1990 billings and thereafter.

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The rate stabilization and equalization factor (RSE Factor) will be initially developed, and thereafter changed whenever, at the point of test, the retail return on common equity (RRCE) is not within the designated range of returns (Equity Return Range). The RSE Factor shall be calculated for each respective affected rate schedule in accordance with the formula set out below and shall be applied in that schedule so as to adjust the kilowatt-hour charges as the same may have been adjusted by any previous applications of Rate RSE:

If $\dfrac{\dfrac{(AROR - RRCE)(RCE)}{1 - T}}{RR}$ is greater than L%, then $\dfrac{(L\% \times RR)\ \dfrac{BR_s}{BR_t}}{KWH_s}$ = RSE Factor*

If $\dfrac{\dfrac{(AROR - RRCE)(RCE)}{1 - T}}{RR}$ is equal to, or less than L%, then $\dfrac{\dfrac{(AROR-RRCE)(RCE)}{1 - T}\ \dfrac{BR_s}{BR_t}}{KWH_s}$ = RSE Factor*

*Rounded to nearest .0001 cent

Where, for the twelve-month period ending at the point of test,

AROR = Adjusting point of Equity Return Range (13.75%)

RRCE = Retail return on common equity

RCE = End-of-period retail common equity

T = Combined Federal and State income taxes = $\dfrac{F + S - 2\,FS}{1 - FS}$

F being the statutory Federal income tax rate and S being the statutory State income tax rate

RR = Total retail revenues from sale of electricity recorded for the twelve months ended at the point of test.

L% = Applicable percentage limitation = The established percentage limitation at the point of test.

ALABAMA POWER
A SOUTHERN COMPANY

RATE RSE - APPENDIX A
RATE STABILIZATION AND EQUALIZATION FACTOR

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Effective for December 1, 1982 billings and thereafter; modified effective for July 1, 1985 billings and thereafter; modified effective for April 1, 1990 billings and thereafter.

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BR_s = The base rate revenue recorded from each respective retail rate schedule for the twelve months ended at the point of test. "Base rate revenue" from any schedule excludes amounts from Rate ECR and Rate T.

BR_t = The total base rate revenues recorded from all retail rate schedules for the twelve months ended at the point of test. Such base rate revenues exclude amounts from Rate ECR and Rate T.

KWH_s = The kilowatt-hour sales recorded by retail rate schedule for the twelve months ended at the point of test.

RATE RSE - APPENDIX B

ALABAMA POWER
A SOUTHERN COMPANY

RATE STABILIZATION AND EQUALIZATION FACTOR

By order of the Alabama Public Service Commission dated March 5, 1990 in Dockets #18117 and #18416.

Effective for December 1, 1982 billings and thereafter; modified effective for July 1, 1985 billings and thereafter; modified effective for April 1, 1990 billings and thereafter.

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Retail return on common equity (RRCE) = Retail net income for common equity (RNI) ÷ retail common equity (RCE)

Determination of retail common equity (RCE):

		Total Amount Col. 1		Non-Electric Col. 2
1. Electric Plant in Service (Account 101)	$	_____		
2. Electric Plant Held for Future Use (Account 105)		_____		
3. Construction Work in Progress-Electric (Account 107)		_____		
4. Accumulated Provision for Depreciation of Electric Utility Plant Credit (Account 108)		_____		
5. Electric Plant Acquisition Adjustments (Account 114)		_____		
6. Steam Heat Plant (Account 118)		_____	$	_____
7. Accumulated Provision for Depreciation of Steam Heat Plant-Credit (Account 119)		_____		_____
8. Nuclear Fuel-Net (Account 120)		_____		
9. Nonutility Property (Account 121)		_____		_____
10. Accumulated Provision for Depreciation and Amortization on Nonutility Property-Credit (Account 122)		_____		_____
11. Fuel Stock (Account 151)		_____		_____
12. Materials and Supplies (Account 154)		_____		_____
13. Merchandise (Account 155)		_____		_____
14. Total	$	==========	$	==========
15. Electric Investment Percent (Line 14, Col. 1 - Col 2 and UPS investment of $) ÷ Col. 1		_____	% (D)	
16. Retail Electric Investment Factor		_____	%	
17. Retail Investment Separation Factor (Line 15 x Line 16)		_____	%	
18. Common Equity (Accounts 201, 207-216)	$	_____		
19. Retail Common Equity (Line 17 x Line 18)	$	==========		

ALABAMA POWER
A SOUTHERN COMPANY

RATE RSE - APPENDIX B
RATE STABILIZATION AND EQUALIZATION FACTOR

By order of the Alabama Public Service Commission dated March 5, 1990 in Dockets #18117 and #18416.

Effective for December 1, 1982 billings and thereafter; modified effective for July 1, 1985 billings and thereafter; modified effective for April 1, 1990 billings and thereafter.

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Determination of retail net income for common equity (RNI):

		Total Electric		Retail Electric	
Electric Operating Revenue:					
1. Sale of Electricity (Accounts 440-448)	$	_____	$	_____	(A)
2. Other Operating Revenues (Accounts 450-456)		_____		_____	(B)
3. Total Operating Revenues (Line 1 + Line 2)		_____		_____	
Electric Expenses:					
4. Electric Operation and Maintenance Expenses (Accounts 401 and 402)		_____			
5. Electric Depreciation and Amortization Expenses (Accounts 403-407)		_____			
6. Taxes Other Than Income Taxes (Account 408.1)		_____			
7. Other Revenue Credits (Accounts 447-48, 447-49, 454 except 454-06, and 456 except 456-10)		_____			
8. Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7)		_____			
9. Operating Income Before Income Taxes (Line 3 - Line 8)		_____			
10. Income Taxes (Accounts 409-411)		_____			
11. Retail Expense Allocation Factor		_____	%		
12. Retail Expenses Other Than Income Taxes (Line 8 - UPS Expenses of $) x Line 11				_____	(D)
13. Retail Operating Income Before Income Taxes (Line 3 - Line 12)				_____	
14. Retail Income Taxes (Line 13 ÷ Line 9) x Line 10				_____	
15. Net Retail Electric Operating Income (Line 13 - Line 14)				_____	
16. Electric Allowance for Funds Used During Construction (AFUDC) - Gross		_____			

RATE RSE - APPENDIX B

ALABAMA POWER
A SOUTHERN COMPANY

RATE STABILIZATION AND EQUALIZATION FACTOR

By order of the Alabama Public Service Commission dated March 5, 1990 in Dockets #18117 and #18416.

Effective for December 1, 1982 billings and thereafter; modified effective for July 1, 1985 billings and thereafter; modified effective for April 1, 1990 billings and thereafter.

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17. Retail Electric Allocation Factor	_____	%		
18. Retail Electric AFUDC (Line 16 - UPS Investment AFUDC of $) x Line 17			_____	(D)

Interest Expense and Preferred Dividends:

19. Interest Expense (Accounts 427-431)	_____			
20. Preferred Dividends (Account 437)	_____			
21. Total Interest Expense and Preferred Dividends (Line 19 + Line 20)	_____			
22. Retail Interest Expense and Preferred Dividends (Line 21 x Retail Investment Separation Factor)	_____	%	_____	(C)
23. Commission-Required Adjustments (net of tax)			_____	
24. Retail Net Income Available for Common Equity (Line 15 + Line 18 - Line 22 + Line 23)		$	==========	

$\frac{RNI}{RCE}$ = RRCE $\frac{\$---}{\$---}$ = ___%

Notes:

Note (A): To conform with cost-of-service procedures, the total of subaccount 447-48 (Sales for Resale-Nonassociated Companies-Nonterritorial) and subaccount 447-49 (Sales for Resale-Nonassociated Companies-Territorial) are excluded from Line 1 and are included in Line 7.

Note (B): To conform with cost-of-service procedures, the total of Account 451, subaccount 454-06 (Rent from Leased Property on Customers' Premises-Other), and subaccount 456-10 (Miscellaneous Electric Revenues-Return Check Charge) are included on Line 2. The remaining subaccount for Accounts 454 and 456 are included on Line 7.

Note (C): Developed on Line 17 of retail common equity computation.

Note (D): To conform with cost-of-service procedures and to afford proper recognition of investment and associated allowance for funds and expenses associated with Unit Power Sales to nonassociated utilities, the investment and associated allowance for funds and expenses associated with such sales have been accounted for on Line 15, page 1, and Lines 12 and 18, page 2.

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RATE RSE - APPENDIX C

ALABAMA POWER
A SOUTHERN COMPANY

RATE STABILIZATION AND EQUALIZATION FACTOR

By order of the Alabama Public Service Commission dated June 12, 1995 in Docket #24860.

Effective for July 1, 1995 billings and thereafter through April 1, 2001 billings when this Appendix C will expire and be terminated.

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1 of 1	July 1, 1995 Billings	Original

FREEZE OF TERMS AND CONDITIONS AND MORATORIUM ON INCREASES UNDER RATE RSE

The terms and conditions of Rate RSE are frozen and there will be a moratorium on any increases under Rate RSE prior to the adjustment (if any) to take effect for July billings of 2001. Rate RSE will, however, continue to operate during this period with respect to any decreases produced in accordance with its terms.

STATE OF ALABAMA
ALABAMA PUBLIC SERVICE COMMISSION
P.O. BOX 991
MONTGOMERY, ALABAMA 36101-0991

ALABAMA GAS CORPORATION,

Applicant

APPLICATION: For (1) Authority to implement rate refunds to customers; and (2) Renewal and Extension of Rate Stabilization and Equalization (Rate RSE)

Docket 25600
Dockets 18046 and 18328

ORDER

BY THE COMMISSION:

I. SUMMARY OF THE CASE

On August 8, 1996, Alabama Gas Corporation (Alabama Gas, Applicant or the Company) made application (the Application) to the Alabama Public Service Commission (the Commission) for (1) authority to refund approximately $17.1 million (including accrued interest) of supplier refunds (Docket 25600, hereinafter the "Refund Docket"); (2) a final order in Commission Docket 22944 (hereinafter the "IRP Docket") declining to adopt two federal standards set forth by Congress in the Federal Energy Policy Act of 1992, 15 U.S.C.A. Sections 3203(a)(3) (Integrated Resource Planning (IRP) and 3203(a)(4) (Investments in Conservation and Demand Management (DSM) [hereinafter collectively referred to as the "FEPA Standards"]; and (3) renewal and extension of Rate RSE, with no change, through January 1, 2002 in Dockets 18046 and 18328 (the "RSE Dockets"). By separate order issued on this date, the Commission entered its final order in the IRP Docket declining to adopt of the aforementioned FEPA Standards for natural gas utilities under its jurisdiction

By Notice to all interested parties dated August 15, 1996, the Commission scheduled a public meeting to be held on September 10, 1996 to consider the Application. At that meeting, representatives from the Commission's Energy and Advisory Divisions were present and participated. Additionally, the following parties other than Applicant appeared: The Office of the Attorney General of the State of Alabama (Attorney General) representing the customers of Applicant, and Mobile Gas Service Corporation (Mobile Gas) (appearing in Docket 22944 for the limited purpose of supporting the Company's request that

the Commission resolve the IRP Docket by declining to adopt the FEPA Standards). In addition, Mr. Stanley Weissman appeared and made a statement regarding the matters covered by these dockets. Mr. Weissman, who was formerly employed by the Legal Services Corporation of Alabama (Legal Services), has previously represented clients who are customers of Applicant in proceedings involving Applicant before this Commission, including Dockets 18046, 18328 and 22944. However, at the September 10, 1996 public meeting, Mr. Weissman noted that he was not appearing on behalf of Legal Services, and further that he was not representing a client in these proceedings. Accordingly, while Mr. Weissman was allowed to fully participate in the meeting, the Commission finds that Mr. Weissman is not a party and does not represent any party to these proceedings. All parties were afforded the opportunity to: (1) review the record previously developed in the subject dockets; (2) fully participate in the public meeting; and (3) make whatever statements, comments and information requests they deemed appropriate.

During the public meeting, the Energy Division staff indicated for the record that with respect to the RSE Docket, Rate RSE is working as the Commission intended and the Company is in full compliance with the Commission's December 3, 1990 Order in Dockets 18046 and 18328 (hereinafter the "1990 RSE Order"). The Energy Division staff also noted that it had fully reviewed the Company's application and concurred with the Company's submission with respect to both the Refund Docket and the IRP Docket. The Attorney General's representative stated on the record that his office has no objection to the Commission's entering an order: (1) approving the Company's method of disbursing refunds as outlined in the Application (and as further discussed herein); (2) declining to adopt the FEPA Standards for either Alabama Gas or Mobile Gas; and (3) continuing the 1990 RSE Order for an additional five-year term as requested in the Application. As stated above, the Commission, by separate order in the IRP Docket, has issued its final order declining to adopt the FEPA Standards for natural gas distribution companies under its jurisdiction.

The Commission has reviewed the Application filed by the Applicant with respect to the Refund Docket and the RSE Dockets and finds as follows:

II. REFUNDS

A. Background

Applicant has requested that the Commission approve Applicant's proposed method of distributing refunds as outlined in the Application. The Commission has carefully reviewed both the sources and

proposed distribution of the refunds described in the Application and finds that the Company has been able to secure these refunds for its customers due in large part to the comprehensive supply planning process the Company implemented in 1984 shortly after the Commission's implementation of Rate RSE. Before describing the refunds in detail, the Commission will review the historical background that led to Applicant's receiving these refunds.

The natural gas industry has undergone tremendous change in the last decade. During this time, the Company has focused on the supply planning area in order to capitalize on these regulatory changes to bring lower priced gas to its customers. Prior to 1984, Applicant purchased almost its entire supply of natural gas from Southern Natural Gas Company (Southern) which is a natural gas company as defined in the Natural Gas Act (15 U.S.C. Section 717a(6)) and is regulated by the Federal Energy Regulatory Commission (FERC). As part of Applicant's ongoing efforts to most effectively manage its gas supply obligations, Applicant, with this Commission's approval, in 1984 began a program to diversify its gas supply portfolio by entering into firm supply contracts with other suppliers including Transco Energy Marketing Company (TEMCO), Basin Pipeline Corp. (Basin) and Taurus Exploration Company, Inc. (Taurus) for a portion of its overall supply, all of which contracts were approved by the Commission. The pricing for firm gas under these contracts was lower than the cost of firm gas sold under Southern's then-existing tariff. Moreover, Applicant negotiated provisions in all three contracts, such that in the event certain of Southern's rates were adjusted downward retroactively through an order of the FERC, the rates under the TEMCO, Basin and Taurus contracts also would be adjusted and Applicant would be entitled to refunds corresponding to the adjusted rates.

As a further integral part of Applicant's strategic supply planning process, from 1989 through 1995, Applicant intervened and actively participated in a number of Southern's Dockets at FERC, including but not limited to, Southern's take-or-pay docket, six (6) rate case dockets, and Southern's FERC Order 636 restructuring docket. The purpose of Applicant's participation was to insure that the rates charged the Company (and ultimately its customers) as a result of these federal rate proceedings were as reasonable as possible, and to the extent possible, to secure whatever level of refunds might be appropriate at the conclusion of the proceedings. Applicant's participation included the filing of testimony and comments, as well as participation in numerous settlement conferences in those Dockets during the six year period they were pending at FERC. In addition, this Commission actively participated in these same federal proceedings in support of the appropriate level of gas costs for Applicant's customers.

On March 15, 1995, after protracted settlement negotiations among the various parties to a number of pending FERC proceedings involving Southern, Southern filed a comprehensive settlement with FERC in the form of a Stipulation and Agreement (hereinafter "the Global Settlement") to resolve all issues in Southern's six pending rate cases, as well as all gas supply realignment (GSR) and transition cost issues resulting from the implementation of FERC Order 636. The Global Settlement was approved by the FERC on April 11, 1996. The Global Settlement, which was supported by customers representing more than 90% of the throughput on Southern's system, as well as this Commission, provided for: (1) the implementation of reduced settlement rates commencing on March 1, 1995; (2) the resolution of all GSR and other transition cost issues resulting from FERC Order 636; (3) lower GSR cost recovery through the reduction of, and earlier payout of, GSR costs; (4) a three-year moratorium on general rate increases from Southern; and (5) the resolution and disposition of all rate case and GSR refunds for supporting parties. With respect to this last point, the Global Settlement, as approved by FERC, provided that all rate case refunds would be used to offset a portion of Southern's remaining GSR liability. In addition, as a result of the recalculated GSR surcharges for the period January 1, 1994 to February 28, 1995, Southern was obligated to refund overcollected GSR costs resulting from the Global Settlement. Effective April 1, 1995, Applicant began passing to its customers the gas cost savings relating to the reduced settlement rates and the reduced payout of GSR costs.

The refunds that are the subject of the Refund Docket can be broken down into two principal categories: (1) refunds generated as a result of the Global Settlement; and (2) refunds generated as a result of Applicant's intervention and participation in other FERC proceedings. The refunds and their proposed distribution to customers are described as follows:

B. Refunds related to the Global Settlement

1. On or about April 30, 1996, Applicant received from Southern refunds of $4,522,896 representing Applicant's proportionate share of overpaid Gas Supply Realignment (GSR) costs (hereinafter the "GSR Refund");

2. On or about January 16, 1996, Applicant received from TEMCO a refund in the amount of $6,251,110 representing refunds due as a result of the retroactive restatement of Southern's rates under the Global Settlement, against which rates the TEMCO pricing mechanism was indexed;

3. On or about March 31, 1996, Applicant received from Taurus a refund in the amount of $75,823 representing refunds due as a result of the retroactive restatement of Southern's rates under the Global Settlement, against which rates the Taurus pricing mechanism was indexed;

4. On or about March 31, 1996, Applicant received from Basin a refund in the amount of $365,150 representing refunds due as a result of the retroactive restatement of Southern's rates under the Global Settlement, against which rates the Basin pricing mechanism was indexed; and

5. On or about May 2, 1995 Applicant received from Southern a refund in the amount of $2,294,575 (hereinafter the "IT Revenue Credit Refund") representing refunds of Applicant's pro rata share of IT revenue credits.

C. Refunds related to other FERC Dockets in which Applicant had an active interest:

1. From March 24, 1995 through July 31, 1995, Applicant received from Southern refunds of $2,781,279 in payment of Applicant's proportionate share of a take-or-pay volumetric refund related to Southern's overrecovery of take-or-pay costs (hereinafter the "Take-or-Pay Refund");

2. Between October 1995 and July 1996, Applicant received from Southern refunds of $339,966 in payment of Applicant's proportionate share of a Gas Research Institute (GRI) surcharge refund; and

3. In December 1995, Applicant received from Transcontinental Gas Pipeline Company (Transco) a refund in the amount of $2,299 in payment of Applicant's proportionate share of a firm transportation refund.

D. Proposed Distribution of Refunds

Applicant has proposed to distribute the above-described refunds to customers in the manner that most closely corresponds to the manner in which the original costs were passed to customers through rates. Specifically, Applicant has proposed to distribute the various refunds as follows:

1. Southern GSR, Take-or-Pay and IT Revenue Credit Refunds

The costs to which these refunds relate were passed on to all customer classes in various proportions in accordance with Applicant's Tariff as approved by this Commission. Accordingly, the Commission finds that it is reasonable and in the public interest to distribute these refunds plus interest at the 90 day T-bill rate, less associated expenses of administration, in a manner that most closely corresponds to the manner in which the original costs were collected from customers, as follows:

(a) Chart Billed Customers

Chart Billed Customers are those customers on Rate Schedules LC, LI and T that are billed for usage on a calendar month basis. Customers eligible for refunds under this section are customers of Applicant who: (1) were Chart Billed Customers of Applicant during the applicable refund periods and are going concerns at the time the refunds are distributed by Applicant: and (2) had their volumes transported on Southern's system by Applicant acting as the customer's agent for pipeline transportation during the time periods covered by these refunds. For each refund (net of estimated administrative expenses identified in paragraph 3 below), Applicant proposes to first compute a per unit refund (per Mcf for sales customers and per MMBtu for transportation customers) by dividing the total volumes purchased or transported, as the case may be, on Southern's system during the time period covered by the refund into the total refund amount. Then, for each Chart Billed Customer, for each month of the applicable refund period, Applicant proposes to compute the gross individual refund by multiplying the associated user billed volumes by the applicable unit refund. For transportation customers that received pipeline transportation pursuant to Rate Schedule P of Applicant's Tariff (the "P Rate"), Applicant proposes to reduce the resulting gross individual refund by the same percentage of discount provided in the P Rate computation. Similarly, consistent with the Commission's past practice in computing past refunds, for any customer that received a Competitive Fuel Clause (CFC) discount to its billed rate for any month, Applicant proposes to subtract that discount from the gross individual refund to determine the net refund due. Applicant also will include in the customer's refund computation, if applicable, revenue taxes and state utility taxes attributable to the refund. Applicant proposes to distribute refunds attributable to customers that were chart billed during the applicable refund periods but are disqualified from receiving a refund due to the fact that they are not going concerns at the time of refunds in accordance with paragraph (b) below.

b) Customers other than eligible Chart Billed Customers.

Applicant proposes to subtract the total amount of GSR, Take-or-Pay and IT Revenue Credit refunds applicable to eligible Chart Billed Customers from the total GSR, Take-or-Pay and IT Revenue Credit refunds received and distribute the residual in accordance with paragraph 2 below.

2. All Other Refunds and Residual of Southern GSR, Take-or-Pay and IT Revenue Credit Refunds

The remaining refunds relate to costs that were paid by Applicant's gas sales customers. Accordingly, Applicant has proposed to distribute all refunds other than those specified in the preceding

paragraph 1(a) (including accrued interest at the 90 day T-bill rate) on an MCF basis as a credit to bills of gas sales customers of Applicant who were customers during the refund period January 1, 1995 through December 31, 1995 (hereinafter the "Refund Period") which is the most recent twelve month period available for calculating and distributing refunds. For any customer who received a CFC discount to its billed rate in any month, that discount will be subtracted from the customer's refund to determine the net refund due. Applicant has averred that the determination of the Refund Period is in the public interest and is consistent with previous refund orders of this Commission in that it will allow distribution of refunds to the maximum number of customers at the lowest administrative cost, thereby distributing these refund dollars in an efficient and economical manner.

3. Administrative Costs.

Applicant has estimated the administrative cost of calculating and distributing the refunds as bill credits to be $150,000 comprised of the following: (a) $25,000 to calculate and distribute refunds to eligible Chart Billed Customers; and (b) $125,000 to calculate and distribute all other refunds. In the event that the total expense of making all refunds is greater or less than $150,000, Applicant has requested that the difference be debited or credited, as appropriate, to Applicant's GSA Account balance and disposed of as directed in the Gas Supply Adjustment Rider of Applicant's Tariff. The Commission finds this request to be reasonable and proper and it is therefore approved.

4. Findings

The Commission finds that Applicant's proposal for distributing refunds, as outlined above, is reasonable and proper and should be approved. The Commission further finds that the refund periods described for the various refunds are reasonable and appropriate, will result in an efficient and equitable apportioning of refunds to customers, and are consistent with past refund orders of this Commission. The Commission further finds that in view of the cost savings from crediting bills rather than issuing refund checks, it is proper for Applicant to distribute these refunds as credits to customers' bills for customers who are on-line on the date the refunds are distributed and in the form of a check for any eligible customer who is off-line on the distribution date and whose refund amount exceeds $3.00, unless the off-line customer has a balance owing Applicant, in which case the refund will be applied against the customer's outstanding balance. Applicant shall distribute the refunds to customers in accordance with this Order prior to January 31, 1997.

III. RATE RSE

A. Background

In the Application, Applicant has requested that the Commission extend the 1990 RSE Order, without change, for a term of five years through January 1, 2002.

By way of background, Rate RSE was first established for the Company and for Alabama Power Company by Commission orders dated January 25, 1983 and November 17, 1982, respectively, which orders were examined by the Supreme Court of Alabama in the companion cases of Graddick v. Alabama Public Service Commission, 441 So.2d 386 (Ala. 1983) and Alabama Metallurgical Corp. V. Alabama Public Service Commission, 441 So.2d 565 (Ala. 1983. In those opinions the Court approved the action of the Commission in adopting Rate RSE rates and affirmed the establishment of Rate RSE as a valid exercise of the Commission's regulatory authority:

> We have examined Rates RSE . . . and the special rules related thereto and find that they are legal and proper in every respect, they represent an appropriate exercise of the [Alabama Public Service Commission's] regulatory authority, they are in compliance with this court's mandate, and they are just and reasonable . . . to consumers represented by the Alabama Public Service Commission.

Alabama Metallurgical Corp., supra at 576.

In addition, the Supreme Court of Alabama again affirmed the implementation and extension of Rate RSE as a valid exercise of the Commission's regulatory authority in Airco, Inc. v. Alabama Public Service Commission, 496 So.2d 21 (Ala. 1986).

When the Commission initially adopted these rates in 1983, it found that "the ratemaking principles reflected in Rate RSE...constitute a significantly improved method of setting natural gas utility rates sufficient to provide the Company with stable and adequate returns, to provide the public with the lowest possible rates consistent with the cost of service, to ameliorate the impact of increases required, and to decrease rates promptly if the designated rates of return are exceeded". Alabama Gas Corporation, Docket No. 18046, 18328 and 18622, Order p. 3 (Jan. 25, 1983) Since its original adoption in 1983, Rate RSE for the Company has been renewed and extended by Commission Order on three other occasions -- 1985, 1987 and most recently 1990 -- in each instance following extensive public participation, meetings and negotiations among all interested parties. As a result of each extension and renewal, modifications have been made to fine tune the RSE concept and tailor it more to the needs of a seasonal natural gas distribution company while also protecting consumers.

The Company has averred, and the Commission agrees, that Rate RSE has worked well for the Company during its thirteen years and has worked particularly well as modified by the 1990 RSE Order which added significant additional consumer safeguards. RSE's implementation and continuation as a regulatory tool in Alabama has streamlined and stabilized the regulatory and ratemaking processes, has replaced the Company's requests for large, complicated rate increases with annual and quarterly rate adjustments that are easier to understand, less significant and easier to monitor, and overall, has enhanced the effectiveness and reduced the cost of utility regulation in Alabama. Also, with its implementation in 1983 and with subsequent renewals in 1985, 1987 and 1990, Alagasco's RSE process, from the beginning to present, has been subject to significant public review, input and comment. The Commission notes that from the beginning, Rate RSE has been a regulatory agreement negotiated between the Commission and the Company, with input from the Office of the Attorney General and other parties, and as such contains numerous safeguards and checks and balances that have been negotiated over time to ensure that the Company's rates are just and reasonable to both the Company and the consumers as required by Alabama Code Section 37-1-80.

Moreover, RSE has created a regulatory environment that has facilitated long range strategic planning and fostered cooperation between Commission staff and the Company during a time of tremendous industry transition. Prior to the adoption of Rate RSE, a significant portion of Alagasco management's time was devoted to the preparation, trial and subsequent appeal of rate case filings before the Commission, with inadequate time available to develop a comprehensive plan for addressing significant issues facing the industry. Importantly, during that time period, contacts with the Commission and staff, except for occasional filings, consisted primarily of adversarial rate case procedures. In such an environment, the Commission had limited opportunity to become familiar with the day-to-day operations of the Company or the dynamics or problems of the industry as thoroughly as they do today.

It is undisputed that the implementation and continuation of Rate RSE have resulted in two very significant benefits for the Company and its customers. First, RSE has freed the Company's management to refine a planning process to address industry issues and changes of major significance to the Company's customers, such as gas supply diversification, by-pass, and competition. Indeed, as the Commission found in the 1990 RSE Order, "The Company has utilized this regulatory environment to focus on important industry issues, particularly in the gas supply area, which will enable the Company to continue to perform well in the future." 1990 RSE Order, p. 21. Additionally, due to the regular information exchange resulting

from Rate RSE. the Commission is now familiar with the Company's supply planning and procurement practices. from the specifics of how daily peak requirements are met to the general concepts underlying the Company's overall supply strategy in response to such changes as FERC Order 636. As a result of this exchange of information and dialogue, the Commission and its staff better understand how recent developments in the industry will affect services and how the Company plans to respond to these changes to the benefits of its customers.

Prior to the last extension of RSE in 1990, pursuant to a Commission directive, RSE was reviewed by the independent consulting firm of Theodore, Barry and Associates (TB&A) which, after a thorough review of the Company's operations and financial data, found that RSE was working as intended, that the Company was in full compliance with all aspects of the Commission's RSE order and that consumers had benefited as a result of the adoption of RSE for the Company.

Subsequent to reviewing the TB&A Report as well as the record developed during the 1990 renewal process, the Commission refined RSE again to afford customers additional rate protections, while at the same time allowing the Company the opportunity to earn its authorized rate of return as required by Alabama Code Section 37-1-80. The additional consumer protections implemented in the 1990 RSE Order include: (1) a cap on the increases in operating and maintenance which the Company can pass to customers through rates; (2) a cap of 4% of prior year's revenues on the amount of annual revenue increase the Company can implement under Rate RSE; (3) a reduction in the number of opportunities for an increase per year from four quarterly increases to one annual increase, followed by opportunities for decreases in the following three quarters (there have been twelve (12) quarterly decreases under Rate RSE since this change was implemented in 1990); (4) a limitation of percentage of equity in the Company's capital structure for ratemaking purposes at 60% equity; (5) a real time temperature adjustment that adjusts each customer's bill on a monthly basis, thereby preventing the Company from overcollecting its costs during colder than normal weather or undercollecting its costs when the weather is warmer than normal (the Commission has since implemented a similar provision for Mobile Gas Service Corporation); and (6) a modification to the Commission's municipal acquisition guidelines to eliminate growth from the calculation of the price of an acquired municipal system.

In addition to these additional safeguards implemented in the 1990 RSE Order, from the beginning, Rate RSE has provided a specific and detailed procedure for reviewing various components of the

Company's RSE filings. This procedure provides additional consumer protection beyond that already provided under the Alabama statutory provisions.

B. Findings

In addition to the other findings contained herein, the Commission finds that overall, through the duration of Rate RSE's operation, the Company has managed to provide its customers with quality service at favorable and stable rates and that much of the Company's success has come as a result of the stability provided by Rate RSE. In fact, Applicant's rates today, when adjusted for inflation, are 26% lower than they were when RSE was implemented in 1983. Clearly, the Company has utilized this regulatory environment to focus on important industry issues, particularly in the gas supply area, which will enable the Company to continue to perform well in the future.

The Commission further finds that Rate RSE, as modified in the 1990 RSE Order, is fair, reasonable, in the public interest, and should be continued. After thirteen years of operation, Rate RSE is no longer an experimental rate mechanism, but one that has proven success in addressing some of the inherent problems of traditional utility regulation, thereby enabling the Commission to better carry out its statutory purpose. Based on: (1) the satisfactory and proven operation of the rates which have been in place for over thirteen years and which have been the subject of three reviews by the Commission and its staff and all interested parties since 1983; and (2) the continued successful results of the Company in implementing its supply planning process as evidenced by the gas cost savings and refunds described herein, as well as other innovative programs designed by the Company to improve customer service and capitalize on the benefits of competition, the Commission finds that Rate RSE has continued to work well to the advantage of consumers, the Company and the Commission, and should be continued without change under the terms of the 1990 RSE Order through January 1, 2002.

IV. ORDERING PARAGRAPHS

Considering the foregoing findings and the entire record in Dockets 18046, 18328 and 25600 to date, **IT IS THEREFORE ORDERED** That:

(1) The Company's application for approval to distribute refunds in the manner described herein is in the public interest and is hereby granted. Applicant shall distribute the refunds in accordance with this Order prior to January 31, 1997.

(2) Rate RSE and the Special Rules Governing Operations of Rate RSE as stated in the 1990 RSE

Order are in the public interest and shall continue to operate, without change, through January 1, 2002. Adjustments under Rate RSE shall continue after January 1, 2002, provided, however, the Commission may, after reasonable notice to the Company and a public hearing, affirmatively vote to modify Rate RSE or discontinue the operation of Rate RSE after such date.

(3) In furtherance of the goals of providing stable rates, the Company commits, by its acceptance of this rate order, to make no general rate increase filings [other than those prescribed under Rate RSE and the other provisions of Applicant's Tariff] to be effective prior to January 1, 2002. It is likewise the commitment of the Commission, by reason of the Company's acceptance of this order, to make no change in Rate RSE, nor reductions in the rate schedules to which they apply, and to make no changes in the Retail Common Equity (RCE) range to be effective prior to January 1, 2002. However, it is expressly recognized that an unforeseen event, whether physical or economic, of the nature of force majeure may occur. In such event, the Company and the Commission shall consult in good faith to determine whether such commitments should be modified and, failing agreement thereon, the Commission and the Company may take such actions as in good conscience they deem appropriate.

(4) The Company shall indicate its acceptance of this Order and its provisions in writing by a filing with the Commission within eight (8) working days of the date hereof.

IT IS THEREFORE ORDERED, That all orders, directives and requirements set out herein shall be fully complied with by all affected parties.

IT IS FURTHER ORDERED That this Order shall be effective as of the date hereof.

DONE at Montgomery, Alabama, this the 7th day of October, 1996

ALABAMA PUBLIC SERVICE COMMISSION

Jim Sullivan

Jim Sullivan, President

Jan Cook

Jan Cook, Associate Commissioner

Charles B. Martin

Charles B. Martin, Associate Commissioner

ATTEST: A True Copy,

Walter L. Thomas, Jr.

Walter L. Thomas, Jr., Secretary

Notes

PSC 21.

Refer to the Application at 11.

a. List and describe each step in the process by which Delta's Board of Directors reviews and approves Delta annual budget.

b. What information is provided to Delta's Board of Directors during its budgetary process?

c. Provide all written procedures, guidelines, internal standards, rules, policies, and regulations that govern Delta's budget process and are used to evaluate the budgetary proposals.

RESPONSE:

See Delta's Response to Items 92, 93 and 98 of the Initial Request for Information by the Attorney General dated June 4, 1999.

There are no other written procedures, guidelines, etc. The evaluation of Delta's proposed budget is performed at the Board meeting wherein Delta's Board considers all budget areas and approves the budgets for the next year.

WITNESS: John Hall

Notes

22. Refer to the Application at 12.

a. Describe how the "Budgeted ROE" is determined.

b. Provide details of the Budgeted ROE used in the calculations set forth in Schedule A.

RESPONSE

a. The Budgeted ROE is determined by dividing the net income available for common by the budgeted common equity.

b. The supporting data used to determine the budgeted ROE are set forth in the responses to item 7 and item 28 of the Commission's data request.

WITNESS: John Hall

Notes

23. At page 12 of the Application, Mr. Hall states that "if the application of the AAC [Annual Adjustment Clause] would increase Delta's rates to an uncompetitive level, then, subject to Commission approval, we could reduce the annual revenue deficiency amount."

a. How will Delta determine that rates will be at an uncompetitive level? Describe in detail the analysis of energy costs that Delta will use to make this determination.

b. How will Delta determine the amount of the requested increase if the amount permitted under the AAC would place rates at an uncompetitive level?

RESPONSE:

If Delta experiences a reduction in its customer count or if Delta realizes a reduction in its temperature normalized sales due to competitive pressures, then Delta will conduct a competitive assessment, as discussed in response to item 17, to determine whether limiting an increase in the AAC will help Delta remain competitive.

WITNESS: Steve Seelye

Notes

24. a. What is the effect of using budgeted costs in establishing rates through the proposed mechanism as opposed to using the level of costs included in Delta's last rate case?

b. Does the use of the budgeted costs effectively negate any Commission decision in Delta's last rate case to disallow certain costs?

c. Why is the use of budgeted costs a reasonable approach to ratemaking?

RESPONSE:

a. The proposed mechanism uses budgeted Mcf sales volumes to calculate the pricing adjustment. Therefore, using the level of costs included in Delta's last rate case in the alternative regulation plan would be inappropriate unless the costs are somehow adjusted to reflect increases or decreases in the number of customers and increases or decreases in total sales volumes. Additionally, using the level of costs from the last rate case would not represent a reasonable alternative to filing a rate case because it would not account for increases (or decreases) in the cost of providing service.

b. No. The Commission can prescribe in the current proceeding the types of costs that are not recoverable through the mechanism. In addition, the O&M cost index incorporated in the performance-based cost controls is based on the O&M expenses authorized by the Commission in Delta's last rate case.

c. Budgeted costs are only used during the first year of the mechanism (i.e., the AAC). All budgeted costs are fully reconciled with actual historical costs during the second year of the mechanism (i.e. the AAF). This is similar to how the GCR mechanism operates with respect to gas supply costs.

WITNESS: Steve Seelye

Notes

25. a. How will Delta determine the 12-month average equity for purposes of calculating the AAC?

b. Will Commission adjustments, if any, from prior rate cases be taken into consideration in calculating this amount?

c. Why would a 12-month average of equity better represent the amount to use in calculation of AAC, constrasted with a 13-month average, as is commonly used by the Commission for determining average balance sheet accounts?

RESPONSE:

a. The worksheet provided in response to item 7 of the PSC shows the methodology for calculating 12-month average equity for purposes of calculating the AAC.

b. Yes. The equity will be adjusted for Canada Mountain and the other subsidiaries, consistent with the determination in the rate case.

c. The proposed mechanism operates on a 12 month cycle; therefore, a 12-month average equity matches the period used determining the other costs reflected in the mechanism.

WITNESS: Steve Seelye

Notes

PSC 26.

Provide the calculations supporting the Composite State and Federal Tax Rate used in the calculations found in Schedule A.

RESPONSE:

See attached.

WITNESS: John Hall

PSC 26

Computation of Composite Federal and Kentucky Income Tax Rates

Assume pre-tax income of		$100.000
State income rate of	8.250%	8.250%
Taxable income for Federal income tax computation		$91.750
Federal income tax at	34.00%	$31.195
Total state and Federal income taxes		$39.445

Therefore, the composite rate is:

Federal	31.195%
State	8.250%
Total	39.445%

Notes

27. Explain why Delta did not use the fiscal year 1998-99 budget for its example in Schedule A to the application.

RESPONSE:

The purpose of Schedules A through C were merely to show examples of how each component of the proposed mechanism would be derived, implemented and applied. The initial AAF, which is linked to the results from application of the AAC, is not implemented until three months after conclusion of the first full year under the AAC when the financial results are known. Likewise, the initial BAF, which is linked to the results from application of the AAF, is not implemented until three months after conclusion of the first full year under the AAF. Therefore, in order to illustrate at least one full year's application under each component, three full years of billing and financial data was needed, both actual and budgeted. As a result, we had to begin the example with the 1995-96 budget year. A calculation of the AAC (Schedule A) for the budget year that began in July 1998 served no purpose in what we were attempting to illustrate, nor would there have been a full year of actual AAC billings and results therefrom.

WITNESS: Randall Walker

Notes

28. Provide a revised version of Schedule A to the Application using the Budget year 1999-2000 as the basis for the rate adjustment. Include all supporting schedules as if Delta were filing the Alternative Regulation Mechanism for the first time to be effective July 1, 1999.

RESPONSE:

Attached hereto is a calculation of the Actual Adjustment Component (AAC) for the budget year 1999-2000, along with the supporting schedules.

WITNESS: Randall Walker

Calculation of Annual Adjustment Component - (AAC)
Budget Year of July 1999 through June 2000

The AAC adjusts rates upward or downward to compensate for expected departures from the Company's authorized return on common equity

AAC Period - July 1, 1999 through June 30, 2000
Filing Date -

Authorized Return on Common Equity	11.60%	
Budget Equity 12 mos. avg.	$ 23,134,023	
Budget Net Income Available for Common	1,931,200	
Budget Return on Equity	8.35%	
Annual Revenue 12 mos. prior to budget year	$ 33,290,446	
Composite State and Federal Tax Rate	39.445%	
Calculated Return-based Revenue Deficiency or (Excess)	$ 1,242,419	3.7%
AAC Limitation (5% of prior year's revenue)	$ 1,664,522	
AAC Amount to be Charged or (Credited)	**$ 1,242,419**	

	Firm Sales and Transportation					Interruptible Sales and Transportation				
	Block 0.1-200	Block 200.1-1000	Block 1001-5000	Block 5001-10000	Block over 10000	Block 1-1000	Block 1001-5000	Block 5001-10000	Block over 10000	Total
Net Budget Revenue During AAC Period										
Residential	10,197,600	-	-	-	-					10,197,600
Small Commercial	2,625,640	44,750	8,610	-	-					2,679,000
Large Commercial & Industrial	2,205,130	1,000,250	815,430	262,200	247,390	647,780	891,540	188,730	49,450	6,307,900
Total										$ 19,184,501
Amount to be Charged or (Credited)										Total
Residential	660,413	-	-	-	-	-	-	-	-	660,413
Commercial	170,041	2,898	558	-	-	-	-	-	-	173,496
Large Commercial & Industrial	142,808	64,778	52,809	16,980	16,021	41,951	57,738	12,222	3,202	408,510
Total										**$ 1,242,419**
Budgeted Mcf During AAC Period										Total
Residential	2,580,900	-	-	-	-					2,580,900
Commercial	628,200	17,900	4,100	-	-					650,200
Large Commercial & Industrial	715,100	400,100	388,300	174,800	224,900	327,400	685,800	209,700	98,900	3,225,000
Total										6,456,100
AAC Surcharge or (Credit) per Mcf										Composite
Residential	0.2559									**0.2559**
Commercial	0.2707	0.1619	0.1360							**0.2668**
Large Commercial & Industrial	0.1997	0.1619	0.1360	0.0971	0.0712	0.1281	0.0842	0.0583	0.0324	**0.1267**

AAC by Rate Class Billing Blocks
Schedule A

REVENUE AND MCF BY BILLING BLOCK

July 1999 thru June 2000

	Firm Sales & Transportation Service				Interruptible Sales Service Large Commercial & Industrial
	Residential	Small Commercial	Lg Comm & Industrial	Total	Total
Billing Determinants - Actual					
Customers	396,807	49,901	10,368		456
Lg. Customers					
Block 1 - Mcf	2,580,900	628,200	715,100	3,924,200	327,400
Block 2		17,900	400,100	418,000	685,800
Block 3		4,100	388,300	392,400	209,700
Block 4			174,800	174,800	98,900
Block 5			224,900	224,900	
Total	2,580,900	650,200	1,903,200	5,134,300	1,321,800
Rate					
Customers	$ 8.00	$ 18.36	$ 25.00		$ 200.00
Lg. Customers					
Block 1 - per Mcf	$ 2.7212	$ 2.7212	$ 2.7212		$ 1.7000
Block 2	$ 2.5000	$ 2.5000	$ 2.5000		$ 1.3000
Block 3	$ 2.1000	$ 2.1000	$ 2.1000		$ 0.9000
Block 4	$ 1.5000	$ 1.5000	$ 1.5000		$ 0.5000
Block 5	$ 1.1000	$ 1.1000	$ 1.1000		
Calculated Net Revenue - Actual					
Block 1 - incl cust chgs	10,197,600	2,625,640	2,205,130	15,028,370	647,780
Block 2	-	44,750	1,000,250	1,045,000	891,540
Block 3	-	8,610	815,430	824,040	188,730
Block 4	-	-	262,200	262,200	49,450
Block 5	-	-	247,390	247,390	-
Total	10,197,600	2,679,000	4,530,400	17,407,000	1,777,500
Mcf					
Block 1 -	1.0000	0.9662	0.3757	0.7643	0.2477
Block 2	-	0.0275	0.2102	0.0814	0.5188
Block 3	-	0.0063	0.2040	0.0764	0.1586
Block 4	-	-	0.0918	0.0340	0.0748
Block 5	-	-	0.1182	0.0438	-
Total	1.0000	1.0000	1.0000	1.0000	1.0000
Revenue					
Block 1 - incl cust chgs	1.0000	0.9801	0.4867	0.8634	0.3644
Block 2	-	0.0167	0.2208	0.0600	0.5016
Block 3	-	0.0032	0.1800	0.0473	0.1062
Block 4	-	-	0.0579	0.0151	0.0278
Block 5	-	-	0.0546	0.0142	-
Total	1.0000	1.0000	1.0000	1.0000	1.0000

Delta Natural Gas Co., Inc.
Fiscal 2000 Budget

Budgeted MCF, Revenue and Gas Cost

		Account Number	Avg Billed Customers	MCF's	Avg MCF/Cust	Gas Cost	Gross Revenue	Net After Gas Cost	Avg Rev/Mcf
General Service:									
O1	Residential	1-480-01	33,075	2,580,900	78.0	9,076,000	19,273,600	10,197,600	3.95
02CS	Commercial-Small	1-480-04	4,159	650,200	156.3	2,286,400	4,965,400	2,679,000	4.12
02C	Commercial-Other	1-480-02	782	927,800	1,186.8	3,262,600	5,924,100	2,661,500	2.87
02I	Industrial	1-480-03	62	166,000	2,663.1	583,600	1,000,100	416,500	2.51
	Sub Total		38,078	4,324,900		15,208,600	31,163,200	15,954,600	
Interruptible:									
04C	Commercial	1-481-02	-	-	#DIV/0!	-	-	-	#DIV/0!
04I	Industrial	1-481-03	6	41,900	6,794.6	147,600	230,000	82,400	1.97
	Sub Total		6	41,900		147,600	230,000	82,400	
On System Transportation:									
10	Firm	1-489-04	20	809,400	40,470.0		1,452,400	1,452,400	1.79
20	Interruptible	1-489-04	32	1,279,900	39,996.9		1,690,100	1,690,100	1.32
32	AFG	1-489-04	1	1,056,000	1,056,000.0		241,200	241,200	0.23
33	Hoffman	1-489-05	1	67,000	67,000.0		106,300	106,300	1.59
23	Alcan	1-489-04	1	865,000	865,000.0		210,300	210,300	0.24
24	Sipple	1-489-04	1	262,700	262,700.0		126,300	126,300	0.48
	Sub Total On Sys	1-489-04		4,340,000			3,826,600	3,826,600	
Total Retail & On System				8,706,800		15,356,200	35,219,800	19,863,600	
Off System Transportation		1-489-02		1,130,769			294,000	294,000	0.26
Total				9,837,569		15,356,200	35,513,800	20,157,600	

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Delta Natural Gas Company, Inc.
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Fiscal 2000 Budget

Income Statement Summary

by financial statement caption

	2000 Budget Approved	1998 Calendar Actual	1999 Budget Adopted
Operating Revenue	(35,667,800)	(34,857,742)	(42,104,400)
PURCHASED GAS	13,076,200	14,147,177	19,270,300
OPERATION EXPENSE	8,826,500	8,185,735	8,487,700
MAINTENANCE EXPENSE	500,200	542,182	484,100
DEPRECIATION EXPENSE	4,126,000	3,570,354	3,844,800
TAXES OTHER THAN INCOME TAXES	1,330,700	1,223,848	1,262,500
INCOME TAXES	1,037,200	973,775	1,442,000
Operating Expenses	28,896,800	28,643,071	34,791,400
Operating Income	(6,771,000)	(6,214,671)	(7,313,000)
NON REGULATED INCOME	(383,800)	(527,243)	(542,800)
INTEREST ON LONG TERM DEBT	3,890,400	3,775,502	3,906,600
OTHER INTEREST	829,200	584,639	636,000
AMORTIZATION OF DEBT EXPENSE	162,000	149,332	162,000
Net Income	(2,273,200)	(2,232,440)	(3,151,200)
AVERAGE NO. OF SHARES OUTSTANDING	2,422,433	2,376,645	2,395,022
$ per SHARE	(0.94)	(0.94)	(1.32)
DIVIDEND per SHARE	1.14	1.14	1.14

Bas120t5 excl subs of BAS120 (Reporter)

BUDGET

Friday, December 18, 1998 6:43:58 PM

12/18/98

Roll-up Description,Fiscal Year (YYYYMM),DE

	1999/Jul	1999/Aug	1999/Sep	1999/Oct	1999/Nov	1999/Dec	2000/Jan	2000/Feb	2000/Mar	2000/Apr	2000/May	2000/Jun
Operating Revenues	(1,185,500)	(1,177,100)	(1,178,300)	(1,758,500)	(3,165,400)	(4,038,100)	(5,893,600)	(5,425,600)	(4,361,100)	(3,812,400)	(2,166,900)	(1,505,300)
PURCHASED GAS	120,400	112,400	109,800	413,400	1,165,100	1,649,300	2,716,100	2,452,700	1,838,400	1,556,000	653,700	288,900
OPERATION EXPENSE	749,300	735,200	761,700	730,200	739,000	754,600	724,300	730,800	725,300	724,200	718,700	733,200
MAINTENANCE EXPENSE	77,600	34,800	34,600	42,400	33,100	32,100	44,300	32,000	34,900	67,600	33,900	32,900
DEPRECIATION EXPENSE	332,500	334,700	336,900	339,100	341,300	343,800	345,300	346,000	348,200	350,400	352,600	355,200
TAXES OTHER THAN INCOME TAXES	108,500	108,300	108,500	108,300	108,500	108,400	113,400	113,400	113,400	113,300	113,400	113,300
INCOME TAXES	(215,800)	(199,400)	(212,300)	(107,900)	126,700	262,200	552,800	485,000	324,100	215,300	(39,900)	(153,600)
Operating Expenses	1,172,500	1,126,000	1,139,200	1,525,500	2,513,700	3,150,400	4,496,200	4,159,900	3,384,300	3,026,800	1,832,400	1,369,900
Operating Income	(13,000)	(51,100)	(39,100)	(233,000)	(651,700)	(887,700)	(1,397,400)	(1,265,700)	(976,800)	(785,600)	(334,500)	(135,400)
NON REGULATED INCOME (Excl. Subs)	(2,500)	(2,400)	(2,300)	(1,200)	(3,500)	(3,000)	(2,900)	(2,700)	(4,900)	(2,900)	(4,100)	(9,400)
INTEREST ON LONG TERM DEBT	324,200	324,200	324,200	324,200	324,200	324,200	324,200	324,200	324,200	324,200	324,200	324,200
OTHER INTEREST	55,100	64,100	75,100	83,100	85,100	80,100	73,100	62,100	59,100	61,100	64,100	67,100
AMORTIZATION OF DEBT EXPENSE	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Net Income (Excl. Subs)	***377,300***	***348,300***	***371,400***	***186,600***	***(232,400)***	***(472,900)***	***(989,500)***	***(868,600)***	***(584,900)***	***(389,700)***	***63,200***	***260,000***

Yearly Accumulation (1,931,200)

SUMMARY OF MCF BUDGETED

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
RES FIRM	505,000	458,600	358,500	301,200	136,200	67,200	37,200	36,200	38,600	93,000	232,000	317,200	2,580,900
COMM SMALL	125,500	114,200	89,700	75,700	35,100	17,800	10,100	9,900	10,500	23,800	58,400	79,500	650,200
COMM OTHER	155,300	143,100	116,100	100,400	56,100	37,800	29,500	29,200	29,700	44,400	81,600	104,600	927,800
INDUSTRIAL FIRM	34,500	28,900	8,900	15,000	10,200	8,400	9,000	9,500	5,300	7,200	10,800	18,300	166,000
TOTAL	820,300	744,800	573,200	492,300	237,600	131,200	85,800	84,800	84,100	168,400	382,800	519,600	4,324,900
	ENDED JAN			ENDED APR			ENDED JUL			ENDED OCT			
QUARTER	1,722,700			1,810,300			454,600			337,300			
IND INTERRUPTIBLE	6100	6700	3600	4200	2300	5000	2500	1200	1200	3200	2500	3400	41,900

Delta Natural Gas Co., Inc.
Fiscal 2000 Budget

SUMMARY GAS COST - A/C 1-803

	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	TOTAL
1-480-01 - RES	1,775,900	1,612,700	1,260,700	1,059,200	479,000	236,300	130,800	127,300	135,700	327,000	815,900	1,115,500	9,076,000
1-480-04 - COMM SM	441,300	401,600	315,400	266,200	123,400	62,600	35,500	34,800	36,900	83,700	205,400	279,600	2,286,400
1-480-02 - COMM OTH	546,100	503,200	408,300	353,100	197,300	132,900	103,700	102,700	104,400	156,100	287,000	367,800	3,262,600
1-480-03 - IND FIRM	121,300	101,600	31,300	52,700	35,900	29,500	31,600	33,400	18,600	25,300	38,000	64,400	583,600
1-481-03 - IND INTERR	21,500	23,600	12,700	14,800	8,100	17,600	8,800	4,200	4,200	11,300	8,800	12,000	147,600
TOTAL GAS COST	2,906,100	2,642,700	2,028,400	1,746,000	843,700	478,900	310,400	302,400	299,800	603,400	1,355,100	1,839,300	15,356,200

DATE: 6/8/99; TIME: 1:41 PM

Delta Natural Gas Co., Inc.
Fiscal 2000 Budget

Residential A/C 1-480-01	Input A	Input B	(A-B) C	Input D	(C * D) E	(B + E) F
	Per Pro Forma Bill Frequency	Base Load per ProForma Bill Frequency	Heat Sensitive	Weather Factor *	Weather Normalized	TOTAL
Number of Bills	396,896	XXXX	XXXX	XXXX	XXXX	396,896
Customer Charge Revenue	$ 3,175,168	XXXX	XXXX	XXXX	XXXX	$ 3,175,168
Volume (MCF)	2,209,486	449,709	1,759,777	121.1%	2,131,260	2,580,969
Volume Base Rate Revenue	$ 6,011,847	$ 1,223,747	4,788,100	121.1%	5,798,852	7,022,599

Residential A/C 1-480-01	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Input # Customers (Actual)	32,853	33,001	33,049	32,884	32,247	31,596	31,362	30,987	30,993	31,215	32,209	32,940	385,336
Compute % to Total	8.53%	8.56%	8.58%	8.53%	8.37%	8.20%	8.14%	8.04%	8.04%	8.10%	8.36%	8.55%	100%
Billed Degree Day (Average)	1,020	918	699	574	216	66	1	-	5	124	425	609	4,656
Compute % to Total	21.90%	19.71%	15.01%	12.33%	4.63%	1.42%	0.03%	0.00%	0.11%	2.66%	9.12%	13.08%	100%
Spread by % # of Customers													
Number of Bills	33,800	34,000	34,000	33,900	33,200	32,500	32,300	31,900	31,900	32,200	33,200	33,900	396,800
Customer Charge Revenue	270,700	271,900	272,300	271,000	265,700	260,400	258,400	255,300	255,400	257,200	265,400	271,400	3,175,100
Base Load Volume	38,300	38,500	38,600	38,400	37,600	36,900	36,600	36,200	36,200	36,400	37,600	38,400	449,700
Base Load Revenue	104,300	104,800	105,000	104,400	102,400	100,300	99,600	98,400	98,400	99,100	102,300	104,600	1,223,600
Spread by % of Degree Days													
Heat Sensitive Volume	466,700	420,100	319,900	262,800	98,600	30,300	600	-	2,400	56,600	194,400	278,800	2,131,200
Heat Sensitive Base Rate Revenues	1,269,900	1,143,100	870,300	715,100	268,400	82,400	1,700	-	6,400	154,000	528,900	758,700	5,798,900
Monthly Summary													
Number of Bills	33,800	34,000	34,000	33,900	33,200	32,500	32,300	31,900	31,900	32,200	33,200	33,900	396,800
Total Mcf	505,000	458,600	358,500	301,200	136,200	67,200	37,200	36,200	38,600	93,000	232,000	317,200	2,580,900
Base Rate Revenue	1,644,900	1,519,800	1,247,600	1,090,500	636,500	443,100	359,700	353,700	360,200	510,300	896,600	1,134,700	10,197,600
GCR Rate	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	X X X X
Gas Cost	1,775,900	1,612,700	1,260,700	1,059,200	479,000	236,300	130,800	127,300	135,700	327,000	815,900	1,115,500	9,076,000
TOTAL REVENUE	3,420,800	3,132,500	2,508,300	2,149,700	1,115,500	679,400	490,500	481,000	495,900	837,300	1,712,500	2,250,200	19,273,600

Delta Natural Gas Co., Inc.
Fiscal 2000 Budget

Small Commercial Firm A/C 1-480-04	Input A	Input B	(A-B) C	D	(C * D) E	(B + E) F
CLASS 200/02CS-02S	Per Pro Forma Bill Frequency	Base Load per ProForma Bill Frequency	Heat Sensitive	Weather Factor *	Weather Normalized	TOTAL
Number of Bills	49,911	XXXX	XXXX	XXXX	XXXX	49,911
Customer Charge Revenue	$ 916,366	XXXX	XXXX	XXXX	XXXX	$ 916,366
Volume (MCF)	559,247	128,739	430,508	121.1%	521,387	650,126
Volume Base Rate Revenue	$ 1,516,688	$ 349,619	1,167,069	121.1%	1,413,433	1,763,052

Small Commercial Firm A/C	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Input # Customers (Actual)	4,346	4,369	4,374	4,358	4,214	3,974	3,856	3,814	3,812	3,820	4,134	4,346	49,417
Compute % to Total	8.79%	8.84%	8.85%	8.82%	8.53%	8.04%	7.80%	7.72%	7.71%	7.73%	8.37%	8.79%	100%
Billed Degree Day (Average)	1,020	918	699	574	216	66	1	-	5	124	425	609	4,656
Compute % to Total	21.90%	19.71%	15.01%	12.33%	4.63%	1.42%	0.03%	0.00%	0.11%	2.66%	9.12%	13.08%	100%
Spread by % # of Customers													
Number of Bills	4,400	4,400	4,400	4,400	4,300	4,000	3,900	3,900	3,900	3,900	4,200	4,400	50,100
Customer Charge Revenue	80,600	81,000	81,100	80,800	78,100	73,700	71,500	70,700	70,700	70,800	76,700	80,600	916,300
Base Load Volume	11,300	11,400	11,400	11,400	11,000	10,400	10,000	9,900	9,900	10,000	10,800	11,300	128,800
Base Load Revenue	30,700	30,900	30,900	30,800	29,800	28,100	27,300	27,000	27,000	27,000	29,200	30,700	349,400
Spread by % of Degree Days													
Heat Sensitive Volume	114,200	102,800	78,300	64,300	24,100	7,400	100	-	600	13,800	47,600	68,200	521,400
Heat Sensitive Base Rate Revenues	309,500	278,600	212,100	174,300	65,400	20,100	400	-	1,600	37,500	128,900	184,900	1,413,300
Monthly Summary													
Number of Bills	4,400	4,400	4,400	4,400	4,300	4,000	3,900	3,900	3,900	3,900	4,200	4,400	50,100
Total Mcf	125,500	114,200	89,700	75,700	35,100	17,800	10,100	9,900	10,500	23,800	58,400	79,500	650,200
Base Rate Revenue	420,800	390,500	324,100	285,900	173,300	121,900	99,200	97,700	99,300	135,300	234,800	296,200	2,679,000
GCR Rate	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	X X X X X
Gas Cost	441,300	401,600	315,400	266,200	123,400	62,600	35,500	34,800	36,900	83,700	205,400	279,600	2,286,400
TOTAL REVENUE	862,100	792,100	639,500	552,100	296,700	184,500	134,700	132,500	136,200	219,000	440,200	575,800	4,965,400

Delta Natural Gas Co., Inc.
Fiscal 2000 Budget

Commercial Firm-Other A/C 1-480-02	Input A	Input B	(A-B) C	Input D	(C * D) E	(B + E) F
CLASS 200-02C	Per Pro Forma Bill Frequency	Base Load per ProForma Bill Frequency	Heat Sensitive	Weather Factor *	Weather Normalized	TOTAL
Number of Bills	9,381	XXXX	XXXX	XXXX	XXXX	9,381.00
Customer Charge Revenue	$ 234,522	XXXX	XXXX	XXXX	XXXX	$ 234,522
Volume (MCF)	828,257	355,301	472,956	121.1%	572,795	928,096
Volume Base Rate Revenue	$ 2,165,401	$ 924,468	1,240,933	121.1%	1,502,890	2,427,358

Commercial Firm-Other A/C	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Input # Customers (Actual)	783	791	787	781	775	778	768	764	762	764	770	778	9,301
Compute % to Total	8.42%	8.50%	8.46%	8.40%	8.33%	8.36%	8.26%	8.21%	8.19%	8.21%	8.28%	8.36%	100%
Billed Degree Day (Average)	1,020	918	699	574	216	66	1	-	5	124	425	609	4,656
Compute % to Total	21.90%	19.71%	15.01%	12.33%	4.63%	1.42%	0.03%	0.00%	0.11%	2.66%	9.12%	13.08%	100%
Spread by % # of Customers													
Number of Bills	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Customer Charge Revenue	19,700	19,900	19,800	19,700	19,500	19,600	19,400	19,300	19,200	19,300	19,400	19,600	234,400
Base Load Volume	29,900	30,200	30,100	29,800	29,600	29,700	29,300	29,200	29,100	29,200	29,400	29,700	355,200
Base Load Revenue	77,800	78,600	78,200	77,600	77,000	77,300	76,300	75,900	75,700	75,900	76,500	77,300	924,100
Spread by % of Degree Days													
Heat Sensitive Volume	125,400	112,900	86,000	70,600	26,500	8,100	200	-	600	15,200	52,200	74,900	572,600
Heat Sensitive Base Rate Revenues	329,100	296,300	225,600	185,300	69,600	21,400	400	-	1,700	39,900	137,100	196,600	1,503,000
Monthly Summary													
Number of Bills	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Total Mcf	155,300	143,100	116,100	100,400	56,100	37,800	29,500	29,200	29,700	44,400	81,600	104,600	927,800
Base Rate Revenue	426,600	394,800	323,600	282,600	166,100	118,300	96,100	95,200	96,600	135,100	233,000	293,500	2,661,500
GCR Rate	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	X X X X
Gas Cost	546,100	503,200	408,300	353,100	197,300	132,900	103,700	102,700	104,400	156,100	287,000	367,800	3,262,600
TOTAL REVENUE	972,700	898,000	731,900	635,700	363,400	251,200	199,800	197,900	201,000	291,200	520,000	661,300	5,924,100

Industrial Firm A/C 1-480-03	Input A	Input B	(A-B) C	Input D	(C * D) E	(B + E) F
	Per Pro Forma Bill Frequency	Base Load per ProForma Bill Frequency	Heat Sensitive	Weather Factor *	Weather Normalized	TOTAL
Number of Bills	748	XXXX	XXXX	XXXX	XXXX	748
Customer Charge Revenue	$ 18,700	XXXX	XXXX	XXXX	XXXX	$ 18,700
Volume (MCF)	147,209	58,380	88,829	121.1%	107,581	165,961
Volume Base Rate Revenue	$ 369,458	146,519	222,939	121.1%	270,001	416,520

Industrial Firm A/C 1-480-03	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Input # Customers (Actual)	65	62	62	62	63	63	64	62	62	61	61	61	748
Compute % to Total	8.69%	8.29%	8.29%	8.29%	8.42%	8.42%	8.56%	8.29%	8.29%	8.16%	8.16%	8.16%	100%
PY Monthly Volumes	43,030	35,985	11,134	18,652	12,669	10,500	11,272	11,816	6,564	9,027	13,421	22,797	206,867
Compute % to Total	20.80%	17.40%	5.38%	9.02%	6.12%	5.08%	5.45%	5.71%	3.17%	4.36%	6.49%	11.02%	100%
Spread by % # of Customers													
Number of Bills	65	62	62	62	63	63	64	62	62	61	61	61	748
Customer Charge Revenue	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,500	1,500	1,500	18,900
Base Load Volume	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	-
Base Load Revenue	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	-
Spread by Usage History													
Volume	34,500	28,900	8,900	15,000	10,200	8,400	9,000	9,500	5,300	7,200	10,800	18,300	166,000
Base Rate Volume Revenues	86,600	72,500	22,400	37,600	25,500	21,100	22,700	23,800	13,200	18,200	27,000	45,900	416,500
Monthly Summary													
Number of Bills	65	62	62	62	63	63	64	62	62	61	61	61	748
Total Mcf	34,500	28,900	8,900	15,000	10,200	8,400	9,000	9,500	5,300	7,200	10,800	18,300	166,000
Base Rate Revenue	86,600	72,500	22,400	37,600	25,500	21,100	22,700	23,800	13,200	18,200	27,000	45,900	416,500
GCR Rate	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	X X X X
Gas Cost	121,300	101,600	31,300	52,700	35,900	29,500	31,600	33,400	18,600	25,300	38,000	64,400	583,600
TOTAL REVENUE	207,900	174,100	53,700	90,300	61,400	50,600	54,300	57,200	31,800	43,500	65,000	110,300	1,000,100

Delta Natural Gas Co., Inc.
Fiscal 2000 Budget

Interruptible Industrial A/C1-481-03	Input A	Input B	(A-B) C	Input D	(C * D) E	(B + E) F
	Per Pro Forma Bill Frequency	Base Load per ProForma Bill Frequency	Heat Sensitive	Weather Factor *	Weather Normalized	TOTAL
Number of Bills	74	XXXX	XXXX	XXXX	XXXX	74
Customer Charge Revenue	$ 14,800	XXXX	XXXX	XXXX	XXXX	$ 14,800
Volume (MCF)	37,463	16,056	21,407	121.1%	25,926	41,982
Volume Base Rate Revenue	$ 60,112	25,763	34,349	121.1%	41,599	67,362

Interruptible Industrial A/C1-481-03	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Input # Customers (Actual)	5	5	5	6	7	7	7	7	7	6	6	6	74
Compute % to Total	6.76%	6.76%	6.76%	8.11%	9.46%	9.46%	9.46%	9.46%	9.46%	8.11%	8.11%	8.11%	100%
PY Monthly Volumes	11,975	12,954	7,015	8,225	4,453	9,721	4,925	2,372	2,284	6,322	4,946	6,560	81,752
Compute % to Total	14.65%	15.85%	8.58%	10.06%	5.45%	11.89%	6.02%	2.90%	2.79%	7.73%	6.05%	8.02%	100%
Spread by % # of Customers													
Number of Bills	5	5	5	6	7	7	7	7	7	6	6	6	74
Customer Charge Revenue	1,000	1,000	1,000	1,200	1,400	1,400	1,400	1,400	1,400	1,200	1,200	1,200	14,800
Base Load Volume	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	-
Base Load Revenue	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	-
Spread by Usage History													
Volume	6,100	6,700	3,600	4,200	2,300	5,000	2,500	1,200	1,200	3,200	2,500	3,400	41,900
Base Rate Volume Revenues	9,900	10,700	5,800	6,800	3,700	8,000	4,100	2,000	1,900	5,200	4,100	5,400	67,600
Monthly Summary													
Number of Bills	5	5	5	6	7	7	7	7	7	6	6	6	74
Total Mcf	6,100	6,700	3,600	4,200	2,300	5,000	2,500	1,200	1,200	3,200	2,500	3,400	41,900
Base Rate Revenue	10,900	11,700	6,800	8,000	5,100	9,400	5,500	3,400	3,300	6,400	5,300	6,600	82,400
GCR Rate	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	3.5166	X X X X
Gas Cost	21,500	23,600	12,700	14,800	8,100	17,600	8,800	4,200	4,200	11,300	8,800	12,000	147,600
TOTAL REVENUE	32,400	35,300	19,500	22,800	13,200	27,000	14,300	7,600	7,500	17,700	14,100	18,600	230,000

Delta Natural Gas Company, Inc.

Common Equity
1999 Budget
and
2000 Budget

		Common Equity	
		Monthly	Average
1998	July	23,291,297	
	Aug	23,093,128	
	Sep	22,190,890	
	Oct	22,077,356	
	Nov	22,551,438	
	Dec	22,332,101	
1999	Jan	23,015,649	
	Feb	23,919,456	
	Mar	23,757,295	
	Apr	24,406,363	
	May	24,473,063	
	Jun	23,727,208	23,236,270
1999	July	23,391,908	
	Aug	23,085,608	
	Sep	22,061,948	
	Oct	21,917,348	
	Nov	22,191,748	
	Dec	22,012,388	
2000	Jan	23,043,888	
	Feb	23,954,488	
	Mar	23,887,128	
	Apr	24,318,828	
	May	24,297,628	
	Jun	23,445,368	23,134,023

Notes

29. Refer to the Application at 20. Explain why "it is unlikely that the implementation of the alternative regulation plan will not have an impact on how investors will view Delta's long-term risk profile."

RESPONSE:

Since Delta is proposing to implement the alternative regulation plan on an experimental basis for a period of three years, investors should not expect that the mechanism will be implemented on a permanent basis. Because the mechanism is experimental and not permanent, the implementation of the mechanism should not affect how investors view Delta's long-term risk profile.

WITNESS: Steve Seelye

Notes

PSC 30.

Refer to Direct Testimony of John F. Hall at 2. Explain how Delta's proposal will ensure that Delta's customers are receiving "the lowest and most current rates."

RESPONSE:

Delta's proposal will keep rates current and will reflect current and expected levels of revenue, expense and capital. There will be little lag between revenues and expenses. Therefore, rates will reflect all known or expected items, on a current basis, and any additional revenue sources or reduced expenses will be reflected in rates. Normally, such would only be reflected in the next general rate filing. Thus, rates will be "the lowest and most current" as compared with the present method.

WITNESS: John Hall

Notes

PSC 31.

Refer to Direct Testimony of John F. Hall at 3.

a. What are "the cost control measures in the plan" to which Mr. Hall refers?

b. How do these measures ensure that specific costs are reasonable?

RESPONSE:

a. The control measures are discussed in Mr. Steve Seelye's testimony starting on page 7.

b. The starting point for the O & M expense will be the approved O & M expense from Delta's last rate case that will be adjusted only for changes in the Consumer Price Index for Urban Consumers since that rate case. The Commission will also have the availability to review the Company's Annual Operating Budgets before the fiscal year.

WITNESS: John Hall

32. Refer to Direct Testimony of John R. Hall at 3. List and describe the differences in Delta's proposal and Alabama Gas Company's current Rate Stabilization and Equalization Plan.

RESPONSE:

(1) The most significant difference between the two plans is that Delta's proposed Alt Reg Plan contains an Actual Adjustment and a Balancing Adjustment which are designed to insure that Delta will not over-or-under earn as a result if the mechanism. While the Alabama Plan provides for the charges to be subsequently adjusted ("point-of-test") three times during the during the implementation period, it never fully reconciles actual results for a fiscal year since the last adjustment appears to contain two months of budgeted data.

(2) The Delta Alt Reg Plan provides for a cap on the annual adjustment of 5% of revenue whereas the Alabama Plan has a 4% cap.

(3) The Delta Alt Reg Plan, as amended, contains certain performance controls based a comparison of the actual non-gas supply O&M expenses with the indexed non-gas supply O&M expenses. The indexed O&M expenses are based on the approved expenses from Delta's last rate case adjusted for changes in the CPI (see Seelye Testimony, page 7). If the actual expenses fall within a range of ± 1.5% of the indexed expenses, actual expenses would be used in the calculations. If the actual exceeds the indexed by more than 1.5%, Delta would only include 50% of the amount which actual is above 101.5% of the indexed. Conversely, if the actual expenses are below the indexed by more than 1.5%, Delta would be allowed to increase the actual expenses by 50% of the amount which actual is less than 98.5% of the indexed.
The Alabama Plan also contains O&M controls which are adjusted for changes in the CPI. However, the underlying base used to calculate the indexed O&M expenses appear to be based on actual expenses in prior years rather than the approved O&M amounts established in a prior rate case. In the Alabama Plan, the comparison range of actual to indexed expenses is ±1.25.

(4) The annual adjustment under the Delta Alt Reg Plan runs concurrently with the budget year whereas, under the Alabama Plan, the adjustment is implemented beginning with the third month of the budget year and remains in place through the second month of the following budget year. Therefore, it appears that the results of the Delta Alt Reg Plan are clearly more measurable than the Alabama Plan.

WITNESS: Randall Walker

33. Refer to Direct Testimony of William Steve Seelye at 4.

a. Describe the "performance-based ratemaking mechanism" that was the subject of Case No. 97-171.

b. Is it correct to describe the mechanism proposed in Case No. 97-171 as a targeted incentive program?

c. Is it correct that the mechanism proposed in Case No. 97-171 required certain performance criteria to be met before ratepayers bore any additional costs or shared any cost savings?

d. How is the mechanism proposed in Case No. 97-171 similar to Delta's proposed Alternative Regulation Plan?

e. How does the mechanisms proposed in Case No. 97-171 differ from Delta's proposed Alternative Regulation Plan?

f. Does Delta's proposed plan in Mr. Seelye's opinion contain any incentive mechanism to improve performance in any particular area?

RESPONSE:

a. The performance-based ratemaking mechanism that was approved in Case No. 97-171 was a modification to LG&E's gas supply clause that provided a system of rewards and penalties if certain performance criteria were or were not met with respect LG&E's gas supply costs. Prior to the implementation of its perfomance-based ratemaking mechanism, LG&E had a gas supply clause that provided for full recovery of LG&E's gas costs. LG&E's gas supply clause uses budgeted costs for an upcoming three-month period, and then reconciles the recovery of these budgeted costs with actual costs once the information is available. LG&E's performance-based ratemaking mechanism worked as an adjunct to the gas supply clause mechanism. The performance-based ratemaking mechanism compares LG&E's gas costs to a cost index, and allows LG&E to retain 50 percent of the savings if LG&E performs better than the index and requires LG&E to absorb 50 percent of the costs if LG&E performs worse than the index. The mechanism also allows LG&E to retain a portion of off-system gas sales revenues and uses a benchmark to calculate and performance incentive for releasing unneeded pipeline transportation capacity.

b. Yes.

c. Yes.

d. The alternative regulation mechanism originally filed in this proceeding closely mirrors LG&E's gas supply clause. The amendments made by Delta to introduce additional performance-based cost controls, as described on pages 7-9 of the testimony of Steve Seelye, mirrors some of the concepts introduced in LG&E's performance-based ratemaking mechanism. Similar to LG&E's gas supply clause (as well as Delta's gas supply clause), Delta's alternative regulation plan allows the utility to adjust rates to reflect the recovery of costs on the basis of budgeted cost information filed for an upcoming period. Similar to the gas supply clause, budgeted costs in Delta's alternative regulation plan are then reconciled with actual costs utilizing an "actual adjustment," and a final reconciliation of amounts billed under the actual adjustment is made through the application of a "balance adjustment." As in LG&E's performance-based ratemaking mechanism, Delta's alternative regulation plan would compare Delta's operation and maintenance expenses to an index and would be allowed to retain 50% of the savings if Delta performs better than the bottom end of a deadband around the index (98.50 of the operation and maintenance expenses from the last rate case adjusted by CPI-U) and would be required to reduce rates by 50% of the excess costs if Delta performs worse than the top end of the deadband around the index (101.50% of the operation and maintenance expenses from the last rate case adjusted by CPI-U).

e. Delta's proposed mechanism differs form LG&E' gas PBR in the following respects. First, Delta's proposed mechanism operates on non-gas supply costs, whereas LG&E's PBR operates on gas supply costs. Second, the underlying recovery mechanism being proposed by Delta for non-gas supply costs would not necessary provide for full recovery of revenue requirements (since it utilizes a range around the authorized rate of return), whereas LG&E's gas supply clause provides for full cost recovery. Third, Delta's performance-based cost controls utilize a deadband around the cost index, whereas LG&E's PBR does not utilize a deadband.

f. Yes. As described above, Delta's proposed plan includes an incentive mechanism to improve Delta's performance with respect to non-gas supply operation and maintenance expenses.

WITNESS: Steve Seelye

34. At pages 4, lines 15-17 of his testimony, Mr. Seelye states: "[T]he primary objective of the proposed mechanism is to establish a process, on an experimental basis, for ensuring that Delta's rate of return falls within the range found fair, just, and reasonable by the Commission."

    a. What, if any, are the other objectives of the proposed mechanism?

    b. List and describe any benefits, other than a refund of excess earnings, that will accrue to Delta's customers from the proposed plan.

RESPONSE:

a. Other objectives of the proposed mechanism include: (1) providing a less resource intensive and less costly process for adjusting rates, (2) providing a process for reflecting the current cost of providing service, (3) providing greater stability in Delta's earnings, and (4) providing incentives to reduce non-gas supply operation and maintenance expenses.

b. Several benefits will accrue to Delta's customers. First, by providing greater financial stability, the proposed mechanism will allow Delta to remain financially viable. If Delta fails financially, rural customers will lose the choice they currently have between natural gas and electric energy. Second, customers will realize cost savings associated with Delta adjusting its rates. Third, customers will realize cost savings based on the targeted incentives incorporated into the performance-based cost controls.

WITNESS: Steve Seelye

35. Refer to Direct Testimony of William Steven Seelye at 5. Would the revenue requirements resulting from the Annual Adjustment Component ("AAC") be any different from the revenue requirements that would be determined under a forecasted test year rate case filing under KRS 278.190?

RESPONSE:

The AAC would run concurrently with Delta's fiscal year, but rates implemented pursuant to a forecasted test year methodology under KRS 278.190 would not correspond to the same fiscal year. However, the underlying concepts are the same. It should be pointed out that the Actual Adjustment Factor (AAF) provides a full reconciliation with actual historical costs after the AAC has been in effect for a full year and actual historical costs are available.

WITNESS: Steve Seelye

PSC 36.

What is the effect on revenues for the budget periods ending in 1999 and 2000 of the two "performance-based ratemaking measures" which Mr. Seelye describes at pages 7 through 9 of his testimony? Provide all supporting assumptions, calculations, and underlying data used to make these calculations.

RESPONSE:

There are none. The performance-based measures applies to actual historical cost and would therefore not apply to the AAC. It would, however, apply to the calculation of the AAF, which is based on actual results.

WITNESS: Steve Seelye

37. a. Why was the Consumer Price Index for Urban Consumers ("CPI-U") selected as the index to measure the reasonable level of cost increases since Delta's last rate case?

b. (1) Identify the other indices that Delta considered for this purpose.

(2) For each index identified above, state why it was not selected.

c. Provide all workpapers, show all calculations, and state all assumptions used in evaluating each index.

RESPONSE:

a. CPI-U was selected because the index is readily available, it is widely used as an index for inflation, it was used in Alabama Gas Company's alternative regulation plan to index non-gas supply costs, and, on a number of occasions, the Commission has accepted CPI-U as an appropriate cost index for normalizing utility operation and maintenance expenses. For example, in Case No. 92-346, the Commission authorized the use of CPI-U for purposes of normalizing injuries and damages expenses based on a ten-year average. (See Union Light, Heat, and Power, Case No. 92-346, Order dated July 22, 1993, page 34.) Additionally, in its orders in Case No. 90-041 and Case No. 90-158, the Commission computed storm damage expenses by taking a 10-year average of actual expenses adjusted for inflation by using CPI-U. (See *Union Light, Heat, and Power,* Case No. 90-041, Order dated October 2, 1990; *Louisville Gas and Electric Company,* Case No. 90-158, Order dated December 21, 1990).

b.
and c. No other index was considered.

WITNESS: Steve Seelye

PSC 38.

Provide a schedule that compares for each year since 1987 annual changes in Delta's non-gas supply operation and maintenance expenses with changes in the CPI-U.

RESPONSE:

	% Change in O & M	% Change in CPI-U
1987	5.3%	3.4%
1988	3.5	4.0
1989	3.0	5.2
1990	9.3	4.7
1991	(1.4)	4.7
1992	12.6	3.1
1993	(1.0)	3.0
1994	4.5	2.5
1995	(4.0)	3.0
1996	8.3	2.8
1997	(.1)	2.3
1998	3.1	1.7

WITNESS: John Hall

39. Refer to Direct Testimony of William Steven Seelye at 8, lines 8-14.

a. Explain the impact of the indexed O&M expenses in one year on the budgeted level of expenses in the following year that are included in the AAC.

b. What limitation on cost increases for the annual increase in the budgeted revenue requirement used in the AAC, if any, did Delta consider?

RESPONSE:

a. The AAC is calculated based on budgeted costs in the first year and in the second year actual historical O&M expenses will be compared to the indexed O&M for purposes of calculating the AAF. Therefore, only actual O&M expenses are compared to the indexed O&M expenses.

b. None. CPI-U is a metric based on historical data. As such, CPI-U for a 12-month period would not be available until the 12-month period had actually occurred.

WITNESS: Steve Seelye

40. Refer to Direct Testimony of William Steve Seelye at 9, line 3. Why should Delta be permitted to recover any of the expenses that exceed the indexed level of expenses?

RESPONSE:

In order to be equitable, any application of a targeted incentive mechanism should be symmetric (i.e., the same mechanism should apply if the utility realizes cost savings or realizes an excess). Other targeted incentive mechanisms approved by the Commission have applied incentives in a symmetric fashion. (See for example, the targeted incentive mechanism approved in Case No. 97-171.) Since Delta is proposing to share any O&M expense savings with the customers on a 50/50% basis, any amounts that exceed the top end of the threshold should also be shared on a 50/50% basis.

WITNESS: Steve Seelye

41. a. Would Delta's incentive to contain costs under the proposed mechanism be less than under traditional regulation where no shortfall in earnings is recovereable? Explain.

b. How is the non-gas supply O&M expense control provision beneficial to the customers of Delta?

c. If Delta is permitted to recover the full amount of any excessive cost increases through the proposed mechanism, why should the proposed mechanism be considered a performance-based ratemaking concept?

Response.

a. No. By incorporating specific performance measures in the alternative regulation, the mechanism will provide Delta with a measurable target as well as a clear and understandable reward for performing better than the target. Such targets generally act as powerful motivational tools for improving corporate performance. For this reason, it is likely that the incentive measures included in Delta's mechanism will act as a stronger incentive than what is provided by traditional regulation to control O&M expenses.

b. In addition to providing Delta with a more focused incentive to reduce O&M expenses, Delta's incentive to control costs must be considered in the context of the other provisions of the alternative regulation mechanism. Delta's proposed mechanism would stabilized Delta's earnings, would protect customers from the utility realizing excessive earnings, and would provide a more cost effective approach to adjusting rates. The incentive measures included in the proposal can be viewed as an adjunct to a rate of return collaring mechanism necessary to provide the utility with a strong incentive to control its costs. This is similar to how the targeted incentive mechanisms approved by the Commission for several gas utilities in the state provide an incentive for utilities to control their gas supply costs which would otherwise be fully recovered through the application of the gas supply cost recovery mechanisms (GCRs and GSCs,) incorporated by the utilities.

c. Under its proposal, Delta would not be permitted to recover the full amount of any excessive cost increases. The incentive measures would place a quantifiable limitation on the amount of O&M expenses that could be recovered through rates.

WITNESS: Steve Seelye

PSC 42.

a. Have either of the performance-based controls been factored into the calculations set forth in Schedule A to Mr. Seelye's testimony?

b. If no, provide a revised Schedule A that reflects the effect of these controls.

RESPONSE:

a. No.

b. As indicated in response to item 36 of the Commission's data request, Schedule A is not affected by the performance-based cost control. Also, see response to item 7.

WITNESS: Steve Seelye

PSC 43.

Provide a copy of first Rate Stabilization and Equalization Plan that the Alabama Public Service Commission approved for Alabama Gas Company.

RESPONSE:

See attached.

WITNESS: Steve Seelye

RATE STABILIZATION AND EQUALIZATION FACTORS (RSE)

APPLICABILITY:

Applicable as an integral part of each rate schedule of the Company in which reference is made to this Rate Stabilization and Equalization Factor (RSE) and to Special Contracts as applicable.

EXPLANATORY STATEMENT:

It is the purpose of the RSE to lessen the size of rate increases by permitting the Company, through the operation of a filed and approved tariff provision, to adjust its base rates more readily to achieve the rate of return allowed it in the rate orders of the Commission. By the provisions hereof the base rates are also decreased if the designated rate of return is exceeded. Other provisions limit the impact of any one adjustment.

APPLICATION OF RSE FACTOR AND CALCULATION PROCEDURES:

Monthly bills on December 15, 1990 shall be adjusted (increased or decreased) by the application of an RSE computed in accordance with the procedures described herein with respect to the return on average common equity produced by the Company's budget, for the fiscal year ending September 30, 1991 at rates in effect immediately prior to December 15, 1990. Volumes used to compute recovery of the RSE shall be those volumes estimated to be billed during the period December 15, 1990 through September 30, 1991. For purposes of subsequent quarterly RSE computations, the Company's budget shall be revised by the effects of this provision and shall be as it were the official Company budget for the remainder of the fiscal year ending September 30, 1991 until such budget is revised by the Company's Board of Directors. Monthly bills on and after April 1, 1991 shall be adjusted by the application of the RSE in accordance with the procedures further described herein. (C)

An RSE shall be computed to be effective December 1, 1991 and each December 1 thereafter. Rates effective December 1 shall be adjusted (increased or decreased) in accordance with the RSE computed with respect to the return on average common equity (RCE) produced by the Company's budget, as approved by its Board of Directors, for the fiscal year beginning October 1, 1991 and each October 1 thereafter using base rates in effect on the immediately preceding October 1. Should the return produced by such budget produce a return on average common equity at the end of the Company's fiscal year that is higher than the RSE range, rates shall be reduced to produce a return on average common equity at the Adjusting Point of the RSE range by the end of the Company's fiscal year. Similarly, if the return on average common equity produced by such budget is below the RSE equity (C)

Rate Stabilization and Equalization Factors (RSE) con't:

range, rates shall be increased to produce a return on average common equity at the Adjusting Point of the RSE range by the end of the Company's fiscal year. If such return on average common equity is within the RSE range, no RSE rate adjustment will be made. (C)

Since the Company's budget will be used to compute the annual adjustment, quarterly reviews of the Company's return on common equity at the end of the fiscal year using a combination of actual and budget results will be made. Rate reductions will be allowed if the quarterly reviews indicate that the Company's return on average common equity at September 30 will be above the RSE range, such rate reductions to be effective April 1, July 1 and October 1 of each year as appropriate. However, no rate increases will be allowed as a result of the quarterly reviews which would otherwise be effective on April 1, July 1 and October 1 of each year. (C)

Calculations of the quarterly reviews of the RCE shall be made with the closing of the Company's books for the first month of each of the three applicable calendar quarters (the Points of Test). The RSE effective April 1 will be derived following a Point of Test at January 31; the RSE effective July 1 derived following a Point of Test at April 30; and the RSE effective October 1 derived following a Point of Test at July 31. (C)

If the RCE computed with respect to the Company's budgeted fiscal year ending September 30 shall be less than 13.15% or greater than 13.65% (being the Equity Return Range), the base rates under the respective rate schedules and Special Contracts as applicable shall be adjusted by the amount necessary, in total, to restore the RCE to 13.4% (being the Adjusting Point in the Equity Return Range), except that only rate decreases shall be allowed for the RSEs effective April 1, July 1 and October 1. (C)

The RSE shall be developed by the formula attached as Appendix A hereto. The RSE shall be computed through the tabulations specified on Appendix B hereto directly from the actual results recorded in the books of account of the Company, kept as required by the Uniform System of Accounts, and by the Company's budget as approved by its Board of Directors. Such Appendices, including the definitions therein, and the Special Rules Governing Operation of the RSE constitute an integral part of this tariff provision.

RSEs computed to be effective December 15, 1990 and thereafter, as allowed, shall be placed on the commodity charges of all rate schedules and Special Contracts to which the RSE is applicable. Commodity charges of the Company's rate schedules and applicable Special Contracts, as adjusted, shall be further adjusted by applying the current quarterly RSE adjustment, as allowed, to the total of the previously effective adjustments. (C)

Rate Stabilization and Equalization Factors (RSE) con't:

EFFECTIVENESS: (C)

Changes in RSE with supporting workpapers shall be filed with the Commission not later than four weeks prior to the effective dates described herein and shall become effective on such dates unless otherwise ordered by the Commission. This tariff provision shall continue through November 30, 1993, except that the Equity Return Range shall be eligible for reconsideration by the Commission at its discretion after July 31, 1992. If during the extension period capital costs have significantly changed from those experienced currently, the Equity Return Range may be adjusted to reflect the then-existing economic conditions. Adjustments hereunder shall continue after November 30, 1993, provided however, the Commission may, after reasonable notice to the Company, affirmatively vote to modify Rate RSE or discontinue the operation of Rate RSE after such date without changing rate levels then in effect.

COMMISSION-REQUIRED ADJUSTMENTS:

Lobbying Expense. The actual expenses of lobbying for the most recent 12 months will not be charged to the ratepayer in any computation of the RSE or otherwise.

Donations. Actual charitable donations for the most recent 12 months will not be charged to the ratepayer in any computation of the RSE or otherwise.

Civic Club, Dinner Club and Country Club Dues. Actual civic club, dinner club and country club dues for the most recent 12 months will not be charged to the ratepayer in any computation of the RSE or otherwise.

Interest Income. For purposes of computing the RSE, interest income will be considered to be utility income. Such treatment as utility income shall not be considered a precedent for any future general rate cases.

Capital Structure. Rate RSE will be further restricted in its operation so that the Company's common equity for purposes of RSE will be increased only by increases in retained earnings. Any other increases to common equity will require the specific approval of the Commission.

Rate Stabilization and Equalization Factors (RSE) con't:

In addition, should the common equity component at September 30 exceed 60% of total capital including short-term debt and long-term debt due within one year a pro-forma capitalization will be determined, through the tabulations specified as Appendix D, hereto, in which the level of long-term debt will be increased from that at September 30 by an amount equal to the amount that the level of common equity will be decreased in order to achieve an imputed capital structure at September 30 containing a common equity component of 60% while the level of total capital shall remain unchanged from that at September 30. Net income will be adjusted pro-forma for the effect of an additional interest charge calculated on the increased long-term debt so imputed, using the interest yield rate as published in the Wall Street Journal for 10+ year High Quality Corporate Bonds on the most recent business day preceding September 30. A pro-forma return on common equity (RCE) for the actual fiscal year ended September 30 will then be calculated based on this imputed net income and capital structure. If the imputed RCE is above the Equity Return Range, a revenue adjustment will be determined, through the tabulations specified as Appendix A hereto, (replacing ACE on Appendix A with the Common Equity level imputed on line (8) of Appendix D herein), to restore the imputed RCE to the Adjusting Point in the Equity Return Range and the amount of the adjustment passed back to customers through the adjustment to be effective December 1 through the following September 30. If the computed RCE is within or below the Equity Return Range, no adjustment will be made. (N)

APPENDIX A

RATE STABILIZATION AND EQUALIZATION FACTORS (RSE) FORMULA:

The RSE shall be calculated in accordance with the formula set out below and shall be applied so as to adjust the base rates under the respective rate schedules and Special Contracts as applicable: (C)

If $\dfrac{\dfrac{(AROR - RCE)\ (ACE)}{(1-t)\ (1-R)\ (1-T)}}{AR}$ is greater than 4%, then, (C)

$$\frac{(4\% \times AR)\left(\frac{Rs}{Rt}\right)}{Mcfs} = RSE$$ (C)

If $\dfrac{\dfrac{(AROR - RCE)\ (ACE)}{(1-t)\ (1-R)\ (1-T)}}{AR}$ is equal to or less than 4% then, (C)

$$\frac{\dfrac{(AROR - RCE)\ (ACE)}{(1-t)\ (1-R)\ (1-T)}\left(\frac{Rs}{Rt}\right)}{Mcfs} = RSE$$ (C)

Where, (T)

AROR = Adjusting point of Equity Return Range (13.4%).

RCE = Return on average common equity (Appendix B). (C)

ACE = 13 month average common equity (Appendix B). (C)

AR = Annual revenues of the Company for the most recent twelve months ended September 30 of the pre-budget year (C)

Mcfs = The budgeted Mcf sales or transporation under rate schedules and Special Contracts, as applicable, for service rendered from the RSE effective date to the end of the fiscal year. (C)

Rs = The total revenue from each respective rate schedule block and Special Contract, as applicable, for the most recent twelve months available. (C)

Rt = The total revenues from all rate schedules and Special Contracts, as applicable, for the most recent twelve months available. (C)

R = Combined Revenue Tax and APSC Fee rate.

T = Combined Federal and State income taxes = $\dfrac{F + S - 2FS}{1 - FS}$

F being the statutory Federal income tax rate and S being the statutory State income tax rate to the extent such rates are not a function of the Tax Adjustment Rider.

RSE = Rate RSE per unit of volume (Mcf) for Rate Schedule blocks and Special Contracts as applicable. (C)

t = Fraction of fiscal year remaining at RSE effective date times 1/2 AROR. (N)

APPENDIX B

RATE STABILIZATION AND EQUALIZATION FACTORS (Con't)
DETERMINATION OF RETURN ON AVERAGE COMMON EQUITY (RCE) (C)

1. The RCE will be computed for the twelve-month period ending at the budget fiscal year September 30. The computed RCE shall be calculated in accordance with the formula and specifications set out below:

Twelve Months Statement of Income	September 30, 19	
Actual Net Income ___ months	$ _____	(1)
Budget Net Income ___ months (See Section 2B)	_____	(2)
Dividends on Preferred Stock	_____	(3)
Balance for Common (1)+(2)-(3)	$ _____	(4)
Plus Expense Adjustment:		
Civic Club Dues	$ _____	
Country Club Dues	_____	
Dinner Club Dues	_____	
Lobbying Expense	_____	
Donations	_____	
Total Expense Adjustment	$ _____	(5)
After Tax Expense Adj. (5) x .63784*	_____	(6)
Adjusted Balance for Common (ABFC) (4)+(6)	$ _____	(7)
Average Common Equity (ACE)	$ _____	(8)
RCE = (7) / (8) x 100	_____ %	(9)

*Or current factor if tax rate changes to the extent such factor is not a function of the Tax Adjustment Rider

APPENDIX B con't

2. REVENUE AND EXPENSE ANNUALIZATION: (C)

The revenue and expense annualization shall utilize the actual results of the months of the current budgeted fiscal year prior to the point of test in combination with the budgeted results of the months subsequent to the point of test for a total of twelve months ending September 30.

A. ACTUAL NET INCOME: (C)

Actual Net Income shall be as recorded on the Company's books for the actual months of the current fiscal year at the point of test.

B. BUDGET NET INCOME: (C)

Net Income for the budgeted months of the current fiscal year subsequent to the point of test shall be taken from the Company's current budget as approved by the Company's Board of Directors and as herein modified for fiscal year 1991.

APPENDIX D

PRO-FORMA RETURN ON COMMON EQUITY (RCE) (N)
at September 30, 19____

I. Computation of Common Equity Limitation:

Common Equity	$	(1)
Long-Term Debt		(2)
Long-Term Debt due within 1 year		(3)
Short-Term Debt		(4)
Preferred Stock		(5)
Total Capitalization (1)+(2)+(3)+(4)+(5)	$	(6)
Allowed Common Equity Percentage	60.0%	(7)
Common Equity Limitation (6)x(7)	$	(8)
(If Line (1) > Line (8) complete Section II)		

II. Computation of Pro-forma RCE:

Pro-forma Long-Term Debt Adjustment (1)-(8)	$	(9)
Interest Yield Rate (10+ yr High Quality Corporate Bonds September___, 19___)	. %	(10)
Pro-forma Interest Adjustment (9)x(10)	$	(11)
Income Taxes .36216* x line (11)		(12)
Pro-forma Net Income Adjustment (11)-(12)		(13)
12 Months Net Income September 30, 19___		(14)
Imputed Net Income for RSE (14)-(13)	$	(15)
Pro-forma RCE (15) ÷(8)	.	(16)

* Or current effective income tax rate

SPECIAL RULES GOVERNING OPERATION OF RSE

1. The Commission finds that the adoption of RSE and the resulting reduction of the number of general rate increase requests filed by the Company, given the increased monitoring and auditing provisions of the RSE and this agreement, will increase the Commission's ability to fulfill its statutory duty to supervise the overall operation of the Company as provided in Title 37, Code of Alabama (1975). The absence of lengthy and time-consuming hearings occasioned by general rate cases brought by this Utility will provide a better opportunity for the Commission and its staff to effectively monitor the Company's daily operations and to investigate regulatory matters which heretofore have remained unaddressed.

2. The Commission finds that this increased supervision is essential to the protection of the Company's retail customers, and is a proper and necessary exercise of the Commission's statutory responsibilities. The Commission expressly acknowledges that its function is to regulate the Company, not to substitute its judgement for that of the Company's management, subject to the demonstration that the Company is honestly, economically and efficiently managed.

3. Given the unique nature of the RSE, the Company recognizes the Commission's increased over-sight responsibilities and the need for additional monitoring by the Commission and its staff above the previous levels of reporting, auditing and inspection. The Company by acceptance of these Rates commits itself to cooperate fully with the Commission, its staff, the Attorney General of the State of Alabama, and any successor State agency charged with the duty of representing the interests of the consuming public in this regard.

4. In furtherance of the Commission's increased monitoring role and activities, the Company agrees as follows:

   (a) The Company shall furnish to the Commission, its staff, and on request, to the Attorney General or any successor State agency charged with the duty of representing the consuming public, all reports and other data which are identified on Exhibit "A" hereto, and which are not otherwise furnished under this Paragraph 4.

   (b) The Company shall provide to the Commission, its staff, and on request the State agency responsible for representing the consuming public, entries on Appendices B and C to Rate RSE at least four weeks prior to the initiation of an increase or decrease derived by the operation of RSE. (C)

Special Rules Governing Operation of RSE con't:

(c) The Company shall provide to the Commission, its staff, and the State agency representing the consuming public, financial schedules related to the operation of the RSE which the Company prepares on a regular basis as requested.

(d) The Company shall produce at its General Office upon request by the Commission, its staff, or the State agency charged with representing the consuming public, published projections of the Company's financial condition which have been made in the normal course of business.

(e) The Company shall provide the Commission, its staff, and on request the State agency charged with representing the consuming public, all preliminary and final prospectuses promptly after filing.

(f) The Company agrees to provide the Commission, its staff, and on request the State agency charged with representing the consuming public, copies of its Audited Financial Statements as soon as they become available.

(g) The Company agrees that if the Commission, its staff, or the State agency charged with representing the consuming public, makes a reasonable request for any documentation or explanation of any accounting entries that support Appendices B, C and/or D to the RSE, the Company shall, within five(C) working days from the receipt of written request provide full and complete response to said request.

(h) The Company agrees that its refusal or delay in complying with the reasonable data requests under item (g)(T) above of the Commission, Commission staff and the State agency charged with representing the consuming public, in connection with Rate RSE shall, unless the Company can (after notice and opportunity for hearing) show just and reasonable cause for its refusal or delay, have the effect of suspending the next succeeding quarterly increase in operation of the RSE for the number of days equal to the number of days the Company has failed to comply with any such data requests.

5. The Company and Commission agree that the Uniform System of Accounts as used in the RSE is the system of accounts in effect as of the date of this agreement. The Commission and Company further agree that any modifiction or amendment to the Uniform System of Accounts by the NARUC shall not be binding on the Commission in computing the RSE unless and until adopted by the Commission.

Special Rules Governing Operation of RSE con't:

6. The Company pledges its good faith and cooperation in all areas pertaining or relating to activities by the Commission or its staff in the exercise of its monitoring, auditing and inspection functions as well as the specified reporting requirements imposed upon the Company herein.

7. Limited Complaint Proceedings Respecting Computation of the RSE. The Commission may hold limited complaint proceedings (Section 37-1-83, et seq.) to inquire into the amount, accuracy and compliance with the Uniform System of Accounts or into any material changes in accounting treatments of all expenditures and book entries of the Company utilized in the computation of the RSE adjustment or to make inquiries into any facets of the Company's operations involving questions relating to honest, efficient or economical management. In any such complaint proceedings, the burden of proof as to the amount and verification of expenditures, as to any material changes in accounting treatments, and as to conformity with the Uniform System of Accounts shall be upon the Company, and the burden of proof in any challenge to the Company's conformity to the standard of honest, efficient and economical management shall be upon the complainant or the Commission.

   Changes, if any, made in the amount of any numbers or items in Appendix B of the RSE as a result of such a complaint proceeding shall be effective on the next quarterly computation under the RSE immediately following the resolution of the complaint proceeding by the Commission. If the changes indicate an over collection by the Company pursuant to the RSE, a further compensation adjustment factor based upon the amount of such over collection shall be returned to customers as the Commission may order; providing, (C) however, that such compensating adjustment shall apply only to collection pursuant to the RSE rider and shall apply to adjust for over collection for no more than two calendar quarters prior to the quarter in which the complaint is resolved by the Commission.

   Any complaints under this procedure shall be heard and resolved by the Commission prior to the quarterly adjustment of the quarter following the filing of such complaint if possible, but in no event later than the beginning of the second quarter following the filing. If the delay is occasioned by the Company's fault or refusal or inability to proceed upon proper notice, any complaint unresolved by the beginning of such second quarter shall be deemed to be resolved against the Company until such time as the complaint is resolved by the Commission. Nothing in this paragraph shall be deemed as restricting or abrogating any right of appeal to the Courts under applicable law.

Special Rules Governing Operation of RSE con't:

8. The Company agrees to make no general retail rate increase filings to be effective prior to December 1, 1993. The (C) Commission, in consideration of the Company's acceptance of the modifications to Rate RSE contained herein, agrees to make no change in the RSE nor reductions in the rate schedules to which they apply, to be effective prior to December 1, 1993, and to make no changes in the RSE range (C) before July 31, 1992. Adjustments hereunder shall continue after November 30, 1993, provided however, the Commission may, after reasonable notice to the Company, affirmatively vote to modify Rate RSE or discontinue the operation of Rate RSE after such date without changing rate levels then in effect. It is, however, expressly understood by both the Company and the Commission, that an unforeseen event , (C) whether physical or economic, of the nature of force majeure may occur, and in such event, the Company and the Commission shall consult in good faith to determine whether such commitments should be modified and, failing agreement thereon, the parties may take such actions as in good conscience they deem appropriate.

9. To facilitate effective monitoring and the orderly flow of data, the Commission and the Company shall each designate an individual or office to or through which all questions, information requests and visits shall be coordinated. Any such requests for information (including specifically, requests to visit any Company premises) shall be upon reasonable advance notice transmitted through the coordinators and shall be consistent with the safe and orderly conduct of the Company's business. However, nothing in this paragraph shall be construed as restricting in any manner the Commission in the proper exercise of its regulatory rights, power, authority, jurisdiction and duties as provided in Title 37, Code of Alabama (1975), as amended.

EXHIBIT A
SPECIAL RULES GOVERNING OPERATION OF RSE (Cont'd)

Documents to be provided:

1. Balance Sheet - Each Month

2. Statement of Income - Current Month, this year, last year; 12 Months Ended, this year, last year.

3. Meters Billed, Sales Mcf and Revenue by Customer Class - Current Month, Year-to-Date.

(D)

4. Annual Operating Budget*

5. Annual Construction Budget

6. Annual Financial Report (i.e. FERC Form 2)

7. Audited Financial Statements as available.

8. The Company will provide other documents related to the RSE upon reasonable request by the Commission Staff.

* Revisions to the budget will be submitted no later than each Point of Test date.

44. Refer to Direct Testimony of William Steve Seelye at 9.

a. How was the average common equity level of 60% determined?

b. Provide an analysis of the average common equity for the past 5 years for companies comparable to Delta.

RESPONSE:

a. A 60% equity cap was included in the Alabama Gas Company mechanism. However, we believe that 60% represents a reasonable cap.

b. The attached table shows equity percentages for a panel of 29 natural gas distribution companies as of December 31, 1998. With 30.6% equity, Delta has the second lowest equity percentage in the panel. Therefore, it is unlikely that the 60% percent cap included in the proposed mechanism will have any impact during the foreseeable future. We currently do not have equity percentages for the panel of utilities going back 5 years. As more information becomes available it will be provided as a part of this data request.

WITNESS: Steve Seelye

. Common Equity Ratios For Natural Gas Distribution Companies, 12 Months Ending December 31, 1998

	Cap (000)	Short Term Debt (000)	Original Equity Pct.	Equity (000)	Total Cap (000)	New Equity Pct.
Peoples Energy Corp.	$1,272,330	$57,445	59	$750,675	$1,329,775	56.5%
North Carolina Natural Gas	$185,190	$38,000	68	$125,929	$223,190	56.4%
Indiana Energy, Inc.	$492,676	$66,649	63	$310,386	$559,325	55.5%
Piedmont Natural Gas Company	$865,193	$74,000	57	$493,160	$939,193	52.5%
Washington Gas Light Co.	$1,157,819	$148,229	58	$671,535	$1,306,048	51.4%
Connecticut Energy Corp.	$330,556	$31,121	55	$181,806	$361,677	50.3%
EnergyNorth, Inc.	$97,217	$12,243	55	$53,469	$109,460	48.8%
EnergySouth, Inc.	$123,432	$5,631	50	$61,716	$129,063	47.8%
Roanoke Gas Company	$47,808	$10,174	57	$27,251	$57,982	47.0%
Public Service of North Carolina	$388,524	$103,800	58	$225,344	$492,324	45.8%
Cascade Natural Gas Corp.	$232,244	$23,713	50	$116,122	$255,957	45.4%
Laclede Gas Company	$441,778	$136,157	59	$260,649	$577,935	45.1%
Northwest Natural Gas Company	$831,963	$97,264	50	$415,982	$929,227	44.8%
Providence Energy Corp.	$173,117	$30,496	52	$90,021	$203,613	44.2%
Yankee Energy System, Inc.	$301,384	$90,317	57	$171,789	$391,701	43.9%
AGL Resources Inc.	$1,392,800	$113,000	47	$654,616	$1,505,800	43.5%
Colonial Gas Company	$249,885	$52,722	52	$129,940	$302,607	42.9%
New Jersey Resources, Inc.	$635,410	$94,957	47	$298,643	$730,367	40.9%
Pennsylvania Enterprises, Inc.	$235,397	$87,548	56	$131,822	$322,945	40.8%
Atmos Energy Corp.	$775,262	$185,955	50	$387,631	$961,217	40.3%
Fall River Gas Company	$37,309	$9,000	48	$17,908	$46,309	38.7%
NUI Corp.	$504,271	$108,185	45	$226,922	$612,456	37.1%
Berkshire Energy Resources	$67,951	$23,960	50	$33,976	$91,911	37.0%
CTG Resources Inc.	$345,326	$18,234	37	$127,771	$363,560	35.1%
South Union Company	$807,169	$52,004	37	$298,653	$859,173	34.8%
Energy West	$29,387	$6,237	42	$12,343	$35,624	34.6%
South Jersey Industries Inc.	$401,078	$105,876	42	$168,453	$506,954	33.2%
Delta Natural Gas Company	**$80,110**	**$11,480**	**35**	**$28,039**	**$91,590**	**30.6%**
Corning Natural Gas Corp.	$17,328	$2,840	31	$5,372	$20,168	26.6%
		mean	51		mean	43.2%
		median	50		median	43.9%

Source: Natural Gas Industry Summary Monthly Financial & Common Stock Information, Edward Jones Co., April 30, 1999

45. Refer to the Application, note 7.

(a.) Why is the revenue recovered from the application of the customer charge attributed to the first block only?

(b) Does the method of calculating the AAC increase the proposed mechanism's rate impact on residential and small usage customers?

RESPONSE:

45(a) As shown on Page 4 of Schedule A in the Application, 100% of residential and 94.9% of commercial volumes fell within the first billing block. Therefore, since virtually all the non-customer charge billings fall within the first block, it seems logical to combine the revenues from the customer charge billings with the Mcf billings for the first block. This is also consistent with the Alabama methodology. Because the industrial volumes are spread more uniformly through the billing blocks, one could possibly make an argument that the customer charge revenues be spread among billing blocks. However, just as good an argument could also be made for including the customer charge revenues with the Mcf billings for the first block of even the industrial customers simply due to the rationale behind declining block commodity-based rates.

45(b) No. As indicated in response to Item 45(a), all residential volumes fall with the first block and virtually all commercial volumes fall within the initial billing block. Therefore, the proposed methodology shouldn't increase the impact on either the residential or small users.

46. Refer to the Application, Schedule A, at 4. Provide the workpapers, show all supporting calculations, and state all assumptions used to establish the allocations to rate class billing blocks shown.

RESPONSE:

Attached hereto is a copy of example calculation (Schedule A, page 4) along with the two worksheets of supporting calculations showing the allocation the budgeted revenue and Mcf to the rate class billing blocks.

As noted on Schedule A, page 4, the revenues and Mcf deliveries were not budgeted by billing blocks in the 1996-97 budget period, as a result, the budgeted revenue and Mcf for each rate class billing block was estimated based on the bill frequency analysis of actual results during the same period.

On Worksheet page 1, actual net revenues were determined by billing blocks for each rate class by applying the effective rates to the actual billing determinants. The percentage of total Mcf and total revenue for each billing block of each rate class was then determined. The customer charge billings and the Mcf billings were combined in determining the revenue applicable to the first billing block.

Worksheet page 2, shows the budgeted Mcf and budgeted revenue apportioned among the billing blocks on the basis of the percentages derived on Worksheet page 1. The calculation of budgeted Mcf and budgeted revenues by billing blocks were then carried forward to Schedule A, Page 4. Please note that the first 2 blocks shown on the worksheets were the 0-200 and 201-1000, respectively, the first billing block in the rate was 0-1000. Therefore, they were combined to correspond with the tariff when carried forward to Schedule A, Page 4.

On Schedule A, page 4, the amount to be charged in the example calculation ($1,535,563) is apportioned to each rate class billing block based on the percentage of calculated net budgeted revenue in the billing block to total net revenue. As an example, the revenue contained in the first 1000 block of the residential class was 53.34% of total net revenue. By applying the 53.34% to the $1,535,563 amount to be charged under the AAC, $819,090 was assigned to the residential class' first billing block. The unit charge per Mcf for each rate class billing block was derived by dividing the assigned amount by the Mcf ($819,090 ÷ 2,626,700 Mcf = 0.3118/Mcf).

WITNESS: Randall Walker

Calculation of Annual Adjustment Component - (AAC)
By Rate Class Billing Blocks

The AAC adjusts rates upward or downward to compensate for expected departures from the Company's authorized return on common equity

This is an example of how the ACC would be calculated for the Rate Class Billing Blocks.
Inasmuch as revenue and Mcf sales were not budgeted by the Rate Class Billing Blocks, the budgeted revenue and Mcf for each Rate Class Billing Block was estimated based on the bill frequency analysis of actual results for the same 12-month period.
The same AAC period as shown on Schedule A, page 2.

AAC Period - - July 1, 1996 through June 30, 1997
Filing Date - June 1, 1996

Authorized Return on Common Equity	11.60%
Budget Equity 12 mos. avg.	$ 24,684,480
Budget Net Income Available for Common	
Budget Return on Equity	3.16%
Annual Revenue 12 mos. prior to budget year	$ 30,711,266
Composite State and Federal Tax Rate	39.445%
Calculated Return-based Revenue Deficiency or (Excess)	$ 3,442,407
AAC Limitation (5% of prior year's revenue)	$ 1,535,563
AAC Amount to be Charged or (Credited)	**$ 1,535,563**

	Firm Sales and Transportation				Interruptible Sales and Transportation				
	Block 1-1000	Block 1001-5000	Block 5001-10000	Block over 10000	Block 1-1000	Block 1001-5000	Block 5001-10000	Block over 10000	Total
Net Budget Revenue During AAC Period									
Residential	8,684,294	-	-	-					8,684,294
Commercial	4,479,756	138,563	15,789	-					4,634,108
Industrial	827,289	688,966	194,113	192,592	389,069	551,675	93,752	24,743	2,962,199
Total									$ 16,280,601
Amount to be Charged or (Credited)									Total
Residential	819,090	-	-	-	-	-	-	-	819,090
Commercial	422,524	13,069	1,489	-	-	-	-	-	437,083
Industrial	78,029	64,982	18,308	18,165	36,696	52,033	8,843	2,334	279,390
Total									**$ 1,535,563**
Budgeted Mcf During AAC Period									Total
Residential	2,626,700	-	-	-					2,626,700
Commercial	1,402,074	66,700	9,426	-					1,478,200
Industrial	331,202	333,886	116,585	152,247	227,934	423,792	104,168	49,486	1,739,300
Total									5,844,200
AAC Surcharge or (Credit) per Mcf									Composite
Residential	0.3118								**0.3118**
Commercial	0.3014	0.1959	0.1580						**0.2957**
Industrial	0.2356	0.1946	0.1570	0.1193	0.1610	0.1228	0.0849	0.0472	**0.1606**

Estimated Revenue and Mcf By Billing Blocks

July 1996 thru June 1997

	Firm Sales Service				Interruptible Sales Service			Transportation Billing Determinants (Standard Rate Schedule Customers)		
	Residential	Commercial	Industrial	Total	Commercial	Industrial	Total	Firm	Interruptible	Total
Billing Determinants - Actual										
Customers	373,746	57,170	864							
Lg. Customers						10	10	539	369	908
Block 1 - Mcf	2,464,018	1,247,813	77,292	3,789,123		16,548	16,548	44,468	62,900	107,368
Block 2		228,444	95,322	323,766		24,897	24,897	110,606	235,427	346,033
Block 3		70,229	38,486	108,715		25,569	25,569	256,077	623,750	879,827
Block 4		9,925		9,925			-	99,306	161,750	261,056
Block 5				-			-	129,683	76,840	206,523
Total	2,464,018	1,556,411	211,100	4,231,529	-	67,014	67,014	640,140	1,160,667	1,800,807
Rate										
Customers	$ 5.9500	18.36	18.36		18.36	185.00		18.36	185.00	
Lg. Customers										
Block 1 - per Mcf	$ 2.4650	$ 2.4650	$ 2.4650		$ 1.7000	$ 1.7000		$ 2.4650	$ 1.7000	
Block 2	$ 2.4650	$ 2.4650	$ 2.4650		$ 1.7000	$ 1.7000		$ 2.4650	$ 1.7000	
Block 3	$ 2.0650	$ 2.0650	$ 2.0650		$ 1.3000	$ 1.3000		$ 2.0650	$ 1.3000	
Block 4	$ 1.6650	$ 1.6650	$ 1.6650		$ 0.9000	$ 0.9000		$ 1.6650	$ 0.9000	
Block 5	$ 1.2650	$ 1.2650	$ 1.2650		$ 0.5000	$ 0.5000		$ 1.2650	$ 0.5000	
Calculated Net Revenue - Actual										
Block 1 - incl cust chgs	8,297,593	4,125,500	206,388	12,629,481	-	28,132	28,132	109,614	106,930	216,544
Block 2	-	563,114	234,969	798,083	-	42,325	42,325	272,644	400,226	672,870
Block 3	-	145,023	79,474	224,496	-	33,240	33,240	528,799	810,875	1,339,674
Block 4	-	16,525	-	16,525	-	-	-	165,344	145,575	310,919
Block 5	-	-	-	-	-	-	-	164,049	38,420	202,469
Total	8,297,593	4,850,163	520,830	13,668,586	-	103,696	103,696	1,240,450	1,502,026	2,742,476
Mcf										
Block 1 -	1.0000	0.8017	0.3661	0.8955		0.2469	0.2469	0.0695	0.0542	0.0596
Block 2	-	0.1468	0.4515	0.0765		0.3715	0.3715	0.1728	0.2028	0.1922
Block 3	-	0.0451	0.1823	0.0257		0.3815	0.3815	0.4000	0.5374	0.4886
Block 4	-	0.0064	-	0.0023		-	-	0.1551	0.1394	0.1450
Block 5	-	-	-	-		-	-	0.2026	0.0662	0.1147
Total	1.0000	1.0000	1.0000	1.0000		1.0000	1.0000	1.0000	1.0000	1.0000
Revenue										
Block 1 - incl cust chgs	1.0000	0.8506	0.3963	0.9240		0.2713	0.2713	0.0884	0.0712	0.0790
Block 2	-	0.1161	0.4511	0.0584		0.4082	0.4082	0.2198	0.2665	0.2454
Block 3	-	0.0299	0.1526	0.0164		0.3205	0.3205	0.4263	0.5399	0.4885
Block 4	-	0.0034	-	0.0012		-	-	0.1333	0.0969	0.1134
Block 5	-	-	-	-		-	-	0.1322	0.0256	0.0738
Total	1.0000	1.0000	1.0000	1.0000		1.0000	1.0000	1.0000	1.0000	1.0000

Estimated Revenue and Mcf By Billing Blocks

July 1996 thru June 1997

	Firm Sales Service				Interruptible Sales Service			Transportation Billing Determinants (Standard Rate Schedule Customers)		
	Residential	Commercial	Industrial	Total	Commercial	Industrial	Total	Firm	Interruptible	Total
Estimated Budgeted Mcf & Revenues										
Budgeted Mcf	2,626,700	1,478,200	182,400	4,287,300		57,900	57,900	751,520	747,480	1,499,000
Block 1 -	2,626,700	1,185,109	66,784	3,878,593		14,297	14,297	52,205	40,508	92,713
Block 2	-	216,964	82,363	299,327		21,511	21,511	129,851	151,617	281,468
Block 3	-	66,700	33,254	99,954		22,092	22,092	300,633	401,701	702,333
Block 4	-	9,426	-	9,426		-	-	116,585	104,168	220,753
Block 5	-	-	-	-		-	-	152,247	49,486	201,733
Budgeted Revenue	8,684,294	4,634,108	446,681	13,765,083		91,918	91,918	1,456,280	967,320	2,423,600
Block 1 - incl cust chgs	8,684,294	3,941,726	177,005	12,803,025		24,936	24,936	128,686	68,866	197,552
Block 2	-	538,030	201,517	739,547		37,517	37,517	320,082	257,749	577,831
Block 3	-	138,563	68,159	206,722		29,464	29,464	620,806	522,211	1,143,017
Block 4	-	15,789	-	15,789		-	-	194,113	93,752	287,865
Block 5	-	-	-	-		-	-	192,592	24,743	217,335

47. Assume that the customer charge revenue was attributed to billing blocks on the basis of net revenue recovered from the applicable billing block.

(a) Provide a revised Schedule A, page 4 that reflect this assumption.

(b) Provide all workpapers and show all supporting calculations used to prepare the revised schedule.

RESPONSE:

Attached hereto is a revised copy of example calculation (Schedule A, page 4) with the customer charge revenue apportioned to the billing blocks on the basis of the net revenue in each block. Also attached are the supporting calculations as requested in part (b).

WITNESS: Randall Walker

Calculation of Annual Adjustment Component - (AAC)
By Rate Class Billing Blocks

The AAC adjusts rates upward or downward to compensate for expected departures from the Company's authorized return on common equity

This is an example of how the ACC would be calculated for the Rate Class Billing Blocks.
Inasmuch as revenue and Mcf sales were not budgeted by the Rate Class Billing Blocks, the budgeted revenue and Mcf for each Rate Class Billing Block was estimated based on the bill frequency analysis of actual results for the same 12-month period.
The same AAC period as shown on Schedule A, page 2.

AAC Period - July 1, 1996 through June 30, 1997
Filing Date - June 1, 1996

Authorized Return on Common Equity	11.60%
Budget Equity 12 mos. avg.	$ 24,684,480
Budget Net Income Available for Common	778,850
Budget Return on Equity	3.16%
Annual Revenue 12 mos. prior to budget year	$ 30,711,266
Composite State and Federal Tax Rate	39.445%
Calculated Return-based Revenue Deficiency or (Excess)	$ 3,442,407
AAC Limitation (5% of prior year's revenue)	$ 1,535,563
AAC Amount to be Charged or (Credited)	**$ 1,535,563**

	Firm Sales and Transportation				Interruptible Sales and Transportation				
	Block 1-1000	Block 1001-5000	Block 5001-10000	Block over 10000	Block 1-1000	Block 1001-5000	Block 5001-10000	Block over 10000	Total
Net Budget Revenue During AAC Period									
Residential	8,684,294	-	-	-					8,684,294
Commercial	4,437,127	176,831	20,150	-					4,634,108
Industrial	825,148	691,107	194,113	192,592	388,534	552,210	93,752	24,743	2,962,199
Total									$ 16,280,601
Amount to be Charged or (Credited)									Total
Residential	819,090	-	-	-	-	-	-	-	819,090
Commercial	418,504	16,678	1,900	-	-	-	-	-	437,083
Industrial	77,827	65,184	18,308	18,165	36,646	52,084	8,843	2,334	279,390
Total									**$ 1,535,563**
Budgeted Mcf During AAC Period									Total
Residential	2,626,700	-	-	-					2,626,700
Commercial	1,402,074	66,700	9,426	-					1,478,200
Industrial	331,202	333,886	116,585	152,247	227,934	423,792	104,168	49,486	1,739,300
Total									5,844,200
AAC Surcharge or (Credit) per Mcf									Composite
Residential	0.3118								**0.3118**
Commercial	0.2985	0.2501	0.2016						**0.2957**
Industrial	0.2350	0.1952	0.1570	0.1193	0.1608	0.1229	0.0849	0.0472	**0.1606**

Estimated Revenue a[illegible]Mcf By Billing Blocks

July 1996 thru June 1997

	Firm Sales Service				Interruptible Sales Service			Transportation Billing Determinants (Standard Rate Schedule Customers)		
	Residential	Commercial	Industrial	Total	Commercial	Industrial	Total	Firm	Interruptible	Total
Billing Determinants - Actual										
Customers	373,746	57,170	864							
Lg. Customers						10	10	539	369	908
Block 1 - Mcf	2,464,018	1,247,813	77,292	3,789,123		16,548	16,548	44,468	62,900	107,368
Block 2		228,444	95,322	323,766		24,897	24,897	110,606	235,427	346,033
Block 3		70,229	38,486	108,715		25,569	25,569	256,077	623,750	879,827
Block 4		9,925		9,925			-	99,306	161,750	261,056
Block 5				-			-	129,683	76,840	206,523
Total	2,464,018	1,556,411	211,100	4,231,529	-	67,014	67,014	640,140	1,160,667	1,800,807
Rate										
Customers	$ 5.9500	18.36	18.36							
Lg. Customers					18.36	185.00		18.36	185.00	
Block 1 - per Mcf	$ 2.4650	$ 2.4650	$ 2.4650		$ 1.7000	$ 1.7000		$ 2.4650	$ 1.7000	
Block 2	$ 2.4650	$ 2.4650	$ 2.4650		$ 1.7000	$ 1.7000		$ 2.4650	$ 1.7000	
Block 3	$ 2.0650	$ 2.0650	$ 2.0650		$ 1.3000	$ 1.3000		$ 2.0650	$ 1.3000	
Block 4	$ 1.6650	$ 1.6650	$ 1.6650		$ 0.9000	$ 0.9000		$ 1.6650	$ 0.9000	
Block 5	$ 1.2650	$ 1.2650	$ 1.2650		$ 0.5000	$ 0.5000		$ 1.2650	$ 0.5000	
Calculated Net Revenue - Actual										
Customer Charge	2,223,789	1,049,641	15,863	3,289,293	-	1,850	1,850	9,896	68,265	78,161
Block 1	6,073,804	3,075,859	190,525	9,340,188	-	26,282	26,282	99,718	38,665	138,383
Block 2	-	563,114	234,969	798,083	-	42,325	42,325	272,644	400,226	672,870
Block 3	-	145,023	79,474	224,496	-	33,240	33,240	528,799	810,875	1,339,674
Block 4	-	16,525	-	16,525	-	-	-	165,344	145,575	310,919
Block 5	-	-	-	-	-	-	-	164,049	38,420	202,469
Total in Blocks	6,073,804	3,800,522	504,967	10,379,293	-	101,847	101,847	1,230,554	1,433,761	2,664,315
Net Revenue with customer charge apportioned to all blocks										
Block 1 incl. Cust. Chgs.	8,297,593	3,925,360	196,510	12,419,463		26,759	26,759	100,520	40,506	141,026
Block 2 incl. Cust. Chgs.	-	718,637	242,350	960,987		43,094	43,094	274,836	419,282	694,118
Block 3 incl. Cust. Chgs.	-	185,076	81,970	267,046		33,843	33,843	533,052	849,483	1,382,534
Block 4 incl. Cust. Chgs.	-	21,089	-	21,089		-	-	166,674	152,506	319,180
Block 5 incl. Cust. Chgs.	-	-	-	-		-	-	165,368	40,249	205,618
Total in Blocks	8,297,593	4,850,163	520,830	13,668,586		103,697	103,697	1,240,450	1,502,026	2,742,476

Estimated Revenue a[illegible]Mcf By Billing Blocks

Mcf									
Block 1 -	1.0000	0.8017	0.3661	0.8955	0.2469	0.2469	0.0695	0.0542	0.0596
Block 2	-	0.1468	0.4515	0.0765	0.3715	0.3715	0.1728	0.2028	0.1922
Block 3	-	0.0451	0.1823	0.0257	0.3815	0.3815	0.4000	0.5374	0.4886
Block 4	-	0.0064	-	0.0023	-	-	0.1551	0.1394	0.1450
Block 5	-	-	-	-	-	-	0.2026	0.0662	0.1147
Total	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Revenue									
Block 1 - incl cust chgs	1.0000	0.8093	0.3773	0.9086	0.2581	0.2581	0.0810	0.0270	0.0514
Block 2	-	0.1482	0.4653	0.0703	0.4156	0.4156	0.2216	0.2791	0.2531
Block 3	-	0.0382	0.1574	0.0195	0.3264	0.3264	0.4297	0.5656	0.5041
Block 4	-	0.0043	-	0.0015	-	-	0.1344	0.1015	0.1164
Block 5	-	-	-	-	-	-	0.1333	0.0268	0.0750
Total	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

July 1996 thru June 1997

	Firm Sales Service				Interruptible Sales Service			Transportation Billing Determinants (Standard Rate Schedule Customers)		
	Residential	Commercial	Industrial	Total	Commercial	Industrial	Total	Firm	Interruptible	Total
Estimated Budgeted Mcf & Revenues										
Budgeted Mcf	2,626,700	1,478,200	182,400	4,287,300		57,900	57,900	751,520	747,480	1,499,000
Block 1 -	2,626,700	1,185,109	66,784	3,878,593		14,297	14,297	52,205	40,508	92,713
Block 2	-	216,964	82,363	299,327		21,511	21,511	129,851	151,617	281,468
Block 3	-	66,700	33,254	99,954		22,092	22,092	300,633	401,701	702,333
Block 4	-	9,426	-	9,426		-	-	116,585	104,168	220,753
Block 5	-	-	-	-		-	-	152,247	49,486	201,733
Budgeted Revenue	8,684,294	4,634,108	446,681	13,765,083		91,918	91,918	1,456,280	967,320	2,423,600
Block 1 - incl cust chgs	8,684,294	3,750,502	168,533	12,603,329		23,720	23,720	128,686	68,866	197,552
Block 2	-	686,625	207,847	894,472		38,199	38,199	320,082	257,749	577,831
Block 3	-	176,831	70,300	247,132		29,999	29,999	620,806	522,211	1,143,017
Block 4	-	20,150	-	20,150		-	-	194,113	93,752	287,865
Block 5	-	-	-	-		-	-	192,592	24,743	217,335

48 (a) Does Alabama Gas Company's current Rate Stabilization and Equalization Plan include a weather normalization component?

(b) If yes,

(1) Did Delta consider including such a component in its proposed plan? Explain.

(2) Provide an analysis of the impact normal weather would have had on Delta's revenues, net income and return on equity for each of the last 10 years if such mechanism had been in place.

RESPONSE:

48(a) It is our understanding that Alabama Gas' weather normalization rider is a separate tariff mechanism and is <u>not</u> a component of their Rate Stabilization and Equalization Plan.

WITNESS: Randall Walker

PRD-410
4-83

CASE NUMBER:

99-046

STOLL, KEENON & PARK, LLP

201 EAST MAIN STREET
SUITE 1000
LEXINGTON, KENTUCKY 40507-1380

(606) 231-3000
FAX: (606) 253-1093

*FRANKFORT OFFICE:
307 WASHINGTON STREET
FRANKFORT, KY. 40601-1823
(502) 875-6220
FAX: (502) 875-6235

**WESTERN KENTUCKY OFFICE:
201 C NORTH MAIN STREET
HENDERSON, KY. 42420-3103
(502) 831-1900
FAX: (502) 827-4060

***LOUISVILLE OFFICE:
2650 AEGON CENTER
400 WEST MARKET
LOUISVILLE, KY. 40202-3377
(502) 568-9100
FAX: (502) 568-5700

INTERNET: www.skp.com

June 29, 1999

Hon. Helen Helton
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

RECEIVED
JUN 29 1999
PUBLIC SERVICE COMMISSION

Re: Delta Natural Gas Company, Inc.
Case No. 99-046

Dear Ms. Helton:

We enclose for filing an original and eight (8) copies of the Notice of Delta Natural Gas Company, Inc. of the Filing of Proof of Publication in the above-captioned case. We would appreciate your placing this Notice with the other papers in this case. Thank you for your kind assistance in connection with this matter.

Sincerely,

Robert Watt

Robert M. Watt, III

rmw
encl.
cc: Mr. John F. Hall (w/encl.)
Counsel of Record (w/encl.)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DELTA NATURAL GAS COMPANY, INC.	)	
EXPERIMENTAL ALTERNATIVE	)	**CASE NO. 99-046**
REGULATION PLAN	)	

* * * * * * * * * * *

NOTICE OF FILING PROOF OF PUBLICATION

Delta Natural Gas Company, Inc. hereby gives notice of filing proof of publication of the notice of the pendency of this proceeding. Copies of the affidavits of publication of such notice are attached hereto.

Respectfully submitted,

STOLL, KEENON & PARK, LLP

By_____

Robert M. Watt, III
201 East Main Street, Suite 1000
Lexington, KY 40507
606-231-3000

Counsel for Delta Natural Gas Company, Inc.

CERTIFICATE OF SERVICE

This is to certify that the foregoing pleading has been served by mailing a copy of same, postage prepaid, to the following persons on this 29th day of June 1999:

Gerald Wuetcher, Esq.
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40601

Elizabeth E. Blackford, Esq.
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204

Robert M. Watt, III

DELTA NATURAL GAS COMPANY, INC.
PSC CASE NO. 99-046
ATTACHED LEGAL NOTICE PUBLISHED IN THE FOLLOWING:

Barbourville Mountain Advocate, P. O. Box #190, Barbourville, KY 40906
Published May 27, 1999
Bath County News Outlook, P. O. Box #577, Owingsville, KY 40360
Published May 27,1999
Berea Citizen, P. O. Box #207, Berea, KY 40403
Published May 20,1999
Bourbon Country Citizen, P. O. Box #158, Paris, KY 40361
Published May 26, 1999
Central Record, P. O. Box #492, Lancaster, KY 40444
Published May 27,1999
Citizen Voice & Times, P. O. Box #660, Irvine, KY 40336
Published May 27,1999
Clay City Times, P. O. Box #547, Stanton, KY 40380-0547
Published May 27, 1999
Flemingsburg Gazette, P. O. Box #32, Flemingsburg, KY 41041
Published May 26, 1999
Jackson County Sun, P. O. Box #130, McKee, KY 40447
Published May 27,1999
Jessamine Journal, P. O. Box #8, Nicholasville, KY 40340-0008
Published May 27,1999
Leslie County News, P. O. Box #967, Hyden, KY 41749
Published May 27,1999
Lexington Herald Leader, 100 Midland Avenue, Lexington, KY 40508
Published May 25, 1999
Manchester Enterprise, P. O. Box #449, Manchester, KY 40962
Published May 27,1999
Menifee County News, 722 West First Street, Morehead, KY 40351
Published May 26, 1999
Middlesboro Daily News, P. O. Box #579, Middlesboro, KY 40965
Published May 25, 1999
Morehead News, 722 West First Street, Morehead, KY 40351
Published May 25, 1999
Mt. Sterling Advocate, P. O. Box #406, Mt. Sterling, KY 40353
Published May 27,1999
Richmond Register, P. O. Box #99, Richmond, KY 40475
Published May 25, 1999
Sentinel Echo, P. O. Box #830, London, KY 40743
Published May 26, 1999
Sun Courier, P. O. Box #250, Pineville, KY 40977
Published May 27,1999
Three Forks Tradition, P. O. Box #436, Beattyville, KY 41311
Published May 26, 1999
Times Tribune, P. O. Box #516, Corbin, KY 40702
Published May 25, 1999
Whitley Republican News Journal, P. O. Box #418, Williamsburg, KY 40769
Published May 26, 1999

AFFIDAVIT OF PUBLICATION

I, Carolyn Kennedy, ~~Editor~~ Ad Mgr. of the Barbourville Mountain Advocate, paper of general circulation, printed and published at Barbourville, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Barbourville Mountain Advocate on the following date: May 27, 1999.

Carolyn Kennedy
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 28th day of May, 1999.
My Commission expires: 11-16-99.

Lillie Carnes
Notary Public

Advocate LEGAL AND PUBLIC NOTICES

NOTICE OF INTENTION TO MINE
PURSUANT TO APPLICATION NO. 861-0454

In accordance with the provisions of KRS 350.055, notice is hereby given that Candle Ridge Mining, Inc., 517 Beechwood Drive, London, KY 40744 has applied for a permit for a surface coal mining and reclamation operation affecting 34.90 acres located 4.5 miles west of Gray in Knox County.

The proposed operation is approximately 0.1 miles east from the Junction with Liberty Church Road and Negro Creek Road and located 0.01 miles East of Negro Creek. The latitude is 36-55-11 and the longitude is 84-02-01.

The proposed operation is located on the Corbin U.S.G.S. 7 1/2 minute quadrangle maps. The operation will use the combination contour-auger method of surface mining. The surface and mineral to be disturbed is owned by William Smith and Wayne Dixon.

The application has been filed for public inspection at the Department of Surface Mining Reclamation and Enforcement's Middlesboro Regional Office, address 1804 East Cumberland Ave., Middlesboro, KY 40765. Written comments, objections, or requests for a permit conference must be filed with the Director of the Division of Permits, #2 Hudson Hollow, Frankfort, Kentucky 40601.

The written comment, objection, or request for a permit conference must reference the above permit application number and be received within 30 days of the final weekly advertisement.

37t1c
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NOTICE

Notice is hereby given that Delta Natural Gas Company, Inc. ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental alternative Regulation Plan.

The proposed Alternative Regulation Plan would establish on an experimental basis for a period of three years a process for ensuring that Delta is not over or under earning with respect to its gas utility operations. Subject to certain performance constraints, the experimental Alternative Regulation Plan could result in charges or credits during the three-year period to bring Delta's earnings within the range established by the Public Service Commission.

The proposed Alternative Regulation Plan would consist of three components: (1) an Annual Adjustment Component, (2) an Actual Adjustment Factor, and (3) a Balancing Adjustment Factor. The Annual Adjustment Component would adjust rates for an upcoming fiscal year to bring Delta's rate of return on equity within the range found to fair, just and reasonable by the Commission, subject to certain performance constraints. The Actual Adjustment Factor and Balancing Adjustment Factor would perform true-up calculations to ensure that Delta is not over or under earning based on actual operating and financial results.

The experimental Alternative Regulation Plan may result in either increases or decreases in the price of gas service in order to bring Delta's earnings within the range established by the Public Service Commission. However, changes in the Annual Adjustment Component cannot result in an increase of more than 5 percent of total revenue.

The matters set forth above are those matters proposed by Delta. However, the Public Service Commission may issue an order or orders that differ from the foregoing proposals.

Notice is further given that any corporation, association, body politic or person with a substantial interest in the matter may request to intervene by motion within 30 days after notice of the foregoing proposed action is given; intervention may be granted beyond the thirty (30) day period for good cause shown. The motion shall be submitted to the Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request, including the status and interest of the party. Any person who has been granted intervention may obtain copies of Delta's application and testimony by contacting John F. Hall, Delta Natural Gas Company, Inc., at the address and telephone number shown below. A copy of the application and testimony shall be available for public inspection at the offices of Delta or the Public Service Commission at the addresses and telephone numbers shown below.

Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40319
606-744-6171

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
502-564-3940

38t1c

PUBLIC NOTICE
Kentucky Army National Guard
NOTICE OF AVAILABILITY
Finding of No Significant Impact

The National Guard Bureau has issued a Finding of No Significant Impact on the implementation of an Integrated Natural Resource Management Plan for the Kentucky Army National Guard Training Site near Artemus, Kentucky. The Finding of No Significant Impact fully complies with appropriate provisions of the National Environmental Policy Act. Printed copies of this Finding of No Significant Impact are available for public review at the Knox County Library, 206 Knox Street, Barbourville, KY, and the Knox County Clerk Office, Courthouse, Barbourville, KY.

ADDITIONAL INFORMATION IS AVAILABLE BY CONTACTING:

MAJ Phil Miller
Public Affairs Officer
Boone National Guard Center
Frankfort, KY 40601

38t1c

NOTICE OF INTENTION TO MINE
PURSUANT TO APPLICATION NO. 861-0453
ATTACHMENT 10.2.A

In accordance with the provisions of KRS 350.055, notice is hereby given that Rockhold Coal Co. Inc., P.O. Box 727, London, KY 40741 has applied for a permit for an Auger coal mining operation located 2.0 miles Southwest of Wilton in Knox County. The proposed operation will disturb 6.17 surface acres and will underlie 22.30 acres, and the total area within the permit boundary will be 28.47 acres.

The proposed operation is approximately 4.0 miles Southeast of KY RT. 6. Junction's with KY RT. 26 and located 0.04 miles East of Little Indian Creek. The latitude is 36-51-44 and the longitude is 84-01-22.

The proposed operation is located on the Rockhold U.S.G.S. 7 1/2 minute quadrangle maps. The surface area to be disturbed is owned by Edward Moore. The operation will underlie land owned by Edward Moore.

The application has been filed for public inspection at the Department for Surface Mining Reclamation and Enforcement's Middlesboro Regional Office, address 1804 East Cumberla
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EXTENSION/FARM NEWS

Knox County 4-H Camp to be

Kevin Rossman, the County Extension Agent for 4-H/Youth Development, would like to announce that the Knox County 4-H Camp will be held the week of June 21-25, 1999 at the Feltner 4-H Camp in London. Knox County youth who w ant to attend 4-H camp this year need to get your information forms in by June 11. Our camp is filling up fast and we do not want anyone to miss out. We only have a limited amount of space left for camp this year and it is very important that you get your applications into the office as soon as possible to reserve your spot in camp. Payments can be made on each camper as long as camp is paid in full by June 11. Registration papers have been given out in every school in Knox County and additional registration papers are available in the Knox County Cooperative Extension Service Office, located in the Parkway Shopping Center next door to the Pet Shop.

Camp only costs $70 for each camper. We have a great week with lots of fun and activities planned. It will be an educational and fun-filled week. Don't miss out on fishing, canoeing, arts and crafts, first aid, swimming, obstacle course, nature, volleyball, cheerleading, tennis, soccer, rocketry, archery, basketball, fun foods, rec
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more. Yo
new life
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office at
3110. Ou
a.m. to 12
p.m. Mon

Kevin Rossman

Knox County 4-H Agent

It's that time again to stitch up your winning welding ring quilt, fatten up your portly prized sow and frost up Great-Grandma's secret recipe for the best bunt cake in the county. That's right, folks, the 1999 Kentucky State Fair, billed as "Everybody's State Fair," is just around the corner with 28 competitive entry departments, offering people with a variety of talents a chance to win a blue ribbon.

The deadline for entering everything is July 1, except livestock by July 10 and rabbits by July 19.

The 96th Annual Kentucky State Fair will be August 19-29 at the Kentucky State Fair & Exposition Center in Louisville.

Entry forms, rules and guidelines for special cooking contests and competitive entry departments are listed in the 1999 Kentucky State Fair entry catalog. The catalogs are free and will be available at all County Extension Offices in early June.

They may also be requested by writing to Kentucky State Fair Entry Department, PO Box 37130, Louisville, KY 40233-7130. Or call (502) 367-5190. Send e-mail to mherbert@mail.state.ky.us.

For most of the 28 entry departments, the entry fee will be $4 per department; livestock entry fees will vary by category. Entries in the dairy products, ham, home brew and wine departments are free. Most of the categories are open to competitions. Also, competitive entry departments have undergone minor changes this year.

There is one additional category for counted cross-stitch, and new categories in hobbies and antiques.

Special cooking contests will return to the 1999 Kentucky State Fair, including the Archway® Sweepstakes Cookie Contest, The Cookbook Cottage Pre-
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Contest,
SPAM® F
Pillsbur
Crust Ch
Farm®
Golden B
Shedd's
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Legislation discourages violent movies from being filmed on fede

U.S. Senator Mitch McConnell (R-KY) introduced legislation last Wednesday, which passed the Senate by a vote of 66 to 34, that encourages Hollywood to take responsible steps to protect our children. McConnell's amendment to the Juvenile Justice Bill (S.254) requires that when granting any permits necessary for filming a move or TV show on federal property or with federal equipment- the relevant agency's approval criteria now must include a consideration of whether the film glorifies or endorses wanton and gratuitous violence.

"America's children are exposed to incessant and endless hours of violent movies and television productions each year," said McConnell. "Exposure to this violence desensitizes our children to brutality and killing and gives them 'glamorous' murderous acts to emulate."

The federal government currently grants permits to Hollywood allowing them to film on federal property, or allowing them to borrow federal equipment - such as jeeps or weapons -- to use in those films. Many government agencies currently decide whether or not to grant a "use permit" to a film or TV production based on the nature and message of the proposed production. For example, the Department of Defense already decides whether to grant federal filming privileges
production
activities
U.S. Gover
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the Federa
assist Hol
violence,"
federal offi
ards of our
property s
promote an
violence."

1998 Delinquent Tax Payer List
City of Barbourville

Name	Tax Due
Alford, Linda	306.26
BMC Fire & Security Inc.	21.13
Barnett, Doug & Nancy	643.42
Bays, Barbara	171.58
Bergman, Matt	18.57
Brock, Flossie	300.26
Brooks, Benny & Shirley	55.72
Broughton, Betty & Enis	29.17
Broughton, David & Sheree	102.15
Broughton, Eddie Arnold	3.71
Broughton, Johnny Rex & Sudie E.	126.30
Broughton, Ledford Scott & Donna Sue	330.61
Broughton, Tony	7.43
Brown, Garrett	59.44
Brown, Johnnie & Vanessa	85.79

1998 Delinquent Tax Payer List
City of Barbourville

Name	Tax Due
Hale, Bobby Jean	72.62
Hammons, James & Lucy	214.47
Hammons, Larry	386.05
Hampton, Charles	133.83
Hampton, Charles K	64.34
Harris, Scott & Florence	91.02
Hoskins, Willieam Clinton &	707.77
Hubbard, Jessie & Bertha	211.04
Interstate Brands Corp	20.46
J & B Auto Sales	8.58
Jones, Bessie Est	301.97
Jones, Larry A. & Shirley	245.35
Jordan, Charles & Mary	300.26
Jordan Manor Apartments	

1998 Delinquent Tax Payer Li
City of Barbourville

Name
Morris, Clifford Ray & June
Mountain Development Corp.
Mountain Equipment Co. Inc.
Napa Auto Parts
Niccum, Carl L. & Paula
Patteson, Jeffery L.
Payne, Pauline
Pennington, Shirley
Perkins, Joy Etta
Peyton, Edward Lee & Donna
Poff, Derrick D. & Susan D.
Poff, Derrick D. & Susan D.
Pope, Carlos B. & Birchel Mae

AFFIDAVIT OF PUBLICATION

I, Ken Metz, Editor of the Bath County News Outlook, paper of general circulation, printed and published at Owingsville, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Bath County News Outlook on the following date: May 27, 1999.

Ken Metz
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 4th day of June, 1999.
My Commission expires: June 26, 2001.

Margaret C. Metz
Notary Public

SALT LICK CONSIGNMENT STORE
Used furniture & appliances, vacuum cleaners, Home Interior, Porcelain dolls, lots of other items. All clothing on sale Wed - Sat, 10-5, located Hwy 211 Salt Lick, Ky. (SLC-19ctf)

WILLS T.V. & APPLIANCES - T.V. satellite sales, service, Jim Wills, P.O. Box 357, 100 West Henry Street, Owingsville, KY 40360, (606) 674-2231 or (606) 683-4101. (WTV&A-35ctf)

McINTOSH GARAGE now open! Repair service on domestic and foreign cars. Also tune-ups and auto detailing. Located on the corner of US 60 and 211 N. in Salt Lick. Open 8 a.m. - 6 p.m., Mon. - Fri., Sat. 8 a.m. - 1 p.m. Call 606-683-2706 or stop by. (MAS-41p3)

NOW OPEN - Midland Produce, located at the Big Red storage buildings in Midland. Fresh produce always. A wide selection any time. Operated by Rodney Riddle. (RR-42p3)

WANTED

WANTED - Old porcelain advertising product signs in good condition. No reproductions. Bring to News-Outlook or call 674-2181 days or 674-2189 evenings after 6 p.m. Ask for Ken. (KM-23ctf)

WANT TO - buy junk cars, trucks or tractors, with or without title. Call Kenny at 247-9022 or 497-2337 (mobile), (KM-11ctf)

FAMILY OF 4 looking to rent 3 bedroom house in Owingsville to move in May, call 498-0782, leave message if no answer. (RD-41p3)

WOULD LIKE to cut cedar post. Call 876-4046. (JG-42p3)

LOOKING FOR lot to set a mobile home. For rent or to sell on land contract. Call 674-2327. (BC-42p3)

WANTED - Someone to stay with elderly woman, Fri, Sat and Sun 12 hours per day. Call 784-8718 (LH-42c2)

WANTED - to baby sit in my home. 1 to 2 children age 2 1/2 and up. Call

BUSINESS OPPORTUNITY

SPARE TIME CASH-Good money weekly! Learn insiders proven methods. Information? Rush $1.00 and self addressed stamped envelope! P. O. Box 465, Frenchburg, KY, 40322.(LY-43p3)

PUBLIC NOTICE

PUBLIC NOTICE
In compliance with Chapter 3, KRS 355, sealed bids are being accepted by The Progressive Bank, Owingsville, Ky., on the following vehicles until May 13, 1999. The sale of said vehicles will be as is, and awarded on June 4, 1999. The Progressive Bank reserves the right to sell the vehicles privately anytime after May 25, 1999. The right to reject any and all bids will be reserved by The Progressive Bank. To inspect the vehicles, contact The Progressive Bank. To inspect the vehicles, contact The Progressive Bank at 674-6331.
1993 Chevrolet Truck: VIN 1GBEK14K7PZ225611
(PB-41c4)

BENNY R. HUNT property located on Columbia Rd, Elk Lick has been posted for no trespassing. Violators will be prosecuted to the fullest extent. (BH-42p3)

PUBLIC NOTICE
In compliance with Chapter 3, KRS 355, sealed bids are being accepted by the Citizens Bank of Sharpsburg, KY on the following vehicles until June 3, 1999. The Citizens Bank reserves the right to sell the vehicles privately anytime after May 20, 1999. The right to reject any and all bids will be reserved by the Citizens Bank. The sale of said vehicles will be as is and awarded on June 4, 1999. To inspect the vehicles, contact Citizens Bank at 274-2721.
1984 Winner ZZ660 Runabout Boat HIN#WNR6413ZM84D
1993 Ford Ranger Truck
Vin# 1FTCR11X8PUA78484
(CB-43c1)

PUBLIC NOTICE
The Bath County Fiscal Court is now

tion containers mixed in sealed plastic bags.) A separate container for collecting newsprint will be provided by the bidder, at no charge to the County or the customer. All recyclables shall become the property of the bidder, and shall not be disposed of as waste.
5. Fee charge for dead animals being delivered for disposal at the landfill.
* Prices quoted by bidders will be firm for a three-year period, with service beginning on July 1, 1999, with an allowance for an annual cost-of-living rate increase equal to the federal inflation rate. No franchise fee will be charged by the county. Bids will be accepted until 4:00 p.m. on June 24, 1999 in the office of the Bath County Judge/Executive office on Main Street in Owingsville, Ky. Bids may be mailed to Bath County Judge/Executive Ray Bailey, P. O. Box 39, Owingsville, Kentucky 40360. Bids will be opened at a special meeting of the Bath County Fiscal Court at 2:00 p.m. on June 25. 1999. The Bath County Fiscal Court reserves the right to reject any and all bids.

Ray Bailey
Judge/Executive
(BCFC-43c4)

PUBLIC NOTICE
The Bath County Fiscal Court is now accepting sealed bids for the following items: Fuel-unleaded gasoline per gal. Fuel low sulfur diesel per gal. Crushed stone per ton, various grades. Bitumanus concrete per ton laid. Culvert sizes 15"-18"-24"-etc. Liquid asphalt emulsion per gal AE-200-RS-2. Prices quoted by bidders will be firm. Bids will be accepted until 4:00 p.m on June 24, 1999 in the office of the Bath County Judge/Executive office on Main Street in Owingsville, Kentucky. Bids may be mailed to: Bath County Judge/Executive Ray Bailey, P. O. Box 39, Owingsville, Kentucky 40360. Bids will be opened at a special meeting of the Bath County Fiscal Court at 2:00 p.m. on June 25, 1999. The Bath County Fiscal Court reserves the right to reject any and all bids.

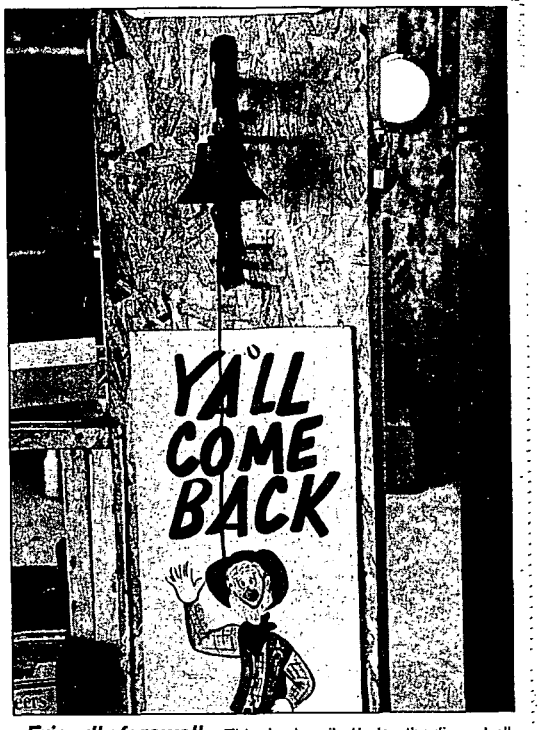
Ray Bailey
Judge/Executive
(BCFC -43c4)

PUBLIC NOTICE
There [illegible] be a public hearing/special called meeting of the Owingsville Board of Adjustment, on Monday, June 7, 1999, at 7:00 p.m., in the

justment Factor. The Annual Adjustment Component would adjust rates for an upcoming fiscal year to bring Delta's rate of return on equity within the range found to fair, just and reasonable by the Commission, subject to certain performance constraints. The Actual Adjustment Factor and Balancing Adjustment Factor would perform true-up calculations to ensure that Delta is not over or under earning based on actual operating and financial results.
The experimental Alternative Regulation Plan may result in either increases or decreases in the price of gas service in order to bring Delta's earnings within the range established by the Public Service Commission. However, changes in the Annual Adjustment Component cannot result in an increase of more than 5 percent of total revenue.
The matters set forth above are those matters proposed by Delta. However, the Public Service Commission may issue an order or orders that differ from the foregoing proposals. Notice is further given that any corporation, association, body politic or person with a substantial interest in the matter may request to intervene by motion within 30 days after notice of the foregoing proposed action is given; intervention may be granted beyond the thirty (30) day period for good cause shown. The motion shall be submitted to the Public Service Commission, 730 Schenkel Lane, P. O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request, including the status and interest of the party. Any person who has been granted intervention may obtain copies of Delta's application and testimony by contacting John F. Hall, Delta Natural Gas Company, Inc., at the address and telephone number shown below. A copy of the application and testimony shall be available for public inspection at the offices of Delta or the Public Service Commission at the address and telephone number shown below.

Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40319
606-744-6171

Public Service Commission
730 Schenkel Lane
P. O. Bo[illegible]15
Frankfort, KY [illegible]02
502-564-3940
(DNGC-43c1)



Friendly farewell—This sign is nailed below the dinner bell at the store at Rudy's Ranch and Horse Park at the Bath/Menifee line on KY 36. Owners Billy and Rudy Jones have built a facility for horseback riding enthusiasts next to their Carrington Green Golf Course. (News-Outlook photo, Ken Metz)

for their kind and efficient service and to Brother Francis Nash for his comforting words.
May God bless each and everyone of you.

Carolyn, Marcella, Jim, "Tator" Bill, Mike and families.
(FEH-43nc1)

IN MEMORY

IN LOVING memory of Espy C. Highley, December 2, 1898 to May 21, 1969. Forever missed by children and grand children.(FJ-43p1)

MISCELLANEOUS

THE NEW fence is up at the Oldfield Cemetery. This fence is for all that have families there. Not just a few that want to keep it clean. So help is needed bad. 285 Oakland Road or call 674-9229. (AB-42p4)

A SINGLE MAN, 40 years old, babe in Christ, seeking Christian pen pal.
Dave Johnson 80630
L.L.C.C.
P.O. Box 6
LaGrange, KY 40031
(DJ-41p3)

C[illegible]ING SOON - Riddles Pawn Shop. Located at Red Storage building in Midland. Operated by Rodney Riddle.(RR-43p3)

WANTED-Someone interested in doing odd jobs, painting, cleaning, etc. Call 683-2086 between 9 a.m. and 2 p.m.(CH-43p3)

WANTED to buy big stock chickens, 674-3168.(DL-43p1)

EMPLOYMENT

NOW HIRING janitorial maintenance starting at $6.50 hr.call 674-3989, Mc Donalds. (MCD-43c1)

NOW HIRING-Managers, apply Fazoli's, 16 Carol Road, Winchester, KY 40391.(F-43c2)

MECHANIC NEEDED-See Russell Wilson at the old Owingsville Auto Sales Garage, US60 East Owingsville days, or call 674-6652, evenings. (RW-43p3)

JOB OPENING-Bath County Board of Education will be accepting resumes and letters of application for elementary principal (P-4) until 4:00 p.m. on June 20, 1999.
Resumes and letters of application may be left at the Board Office at 405 West Main Street, Owingsville, Kentucky, or mailed to Bath County Board of Education, P. O. Box 409, Owingsville, Kentucky 40360.
Additional information may be obtained by calling George Kirk, Superintendent at 606-674-6314.
Bath County Board of Education is An Equal Opportunity Employer. (BCBE-43c2)

accepting sealed bids for issuing an exclusive franchise for the provision of the following solid waste collection, disposal and recycling services:
1. Weekly curbside waste collection service for subscribers through out the county, including all municipalities and rural areas (1,100-plus residences): State monthly rate per household for up to ten bags.
2. Commercial solid waste container service, utilizing containers owned by the bidder, with service from 1-5 times per week: State rate per frequency of service for container sizes of 2, 3, 4,6 and 8 cubic yards. Also, state additional rates for extra pick-up: service twice per month only; and rate if customers own their own container.
3. Operation of the solid waste transfer station on Kendall Springs Road in Owingsville: State disposal rates for customers per trash bag, per pick-up load, and per one-ton truck load, all equipment, personnel, and insurance to be provided by the bidder; the fenced site will be provided by the county at no cost to the bidder. Hours of operation shall be from 9 a.m. til 5 p.m., Monday through Saturday. Collection of white goods (appliances) will continue at the site, with items dropped off at no charge and picked up at no cost by either the current scrap dealer or another selected by the successful bidder.
4. Recycling service for 14 eight-cubic-yard collection containers owned by the County shall be assumed by the bidder at no extra charge to the County. Recyclables to be processed include aluminum and tin cans, Pet and HDPE plastic, brown/green/clear glass, and corrugated cardboard. (Recyclables are delivered to collec-

Mayor's Office at City Hall. The purpose of the hearing is to review a request for a dimensional variance to Earl Conyers on his property at 94 East Main Street, to review a request for a dimensional variance to Zana Tout on her property at the corner of East Alley and Harrisburg Avenue. You are invited to attend to offer any comments that you might have. If you cannot attend this meeting, written comments may be sent to City Hall, P. O. Box 639, Owingsville, KY 40360.

Faye Davis
City Clerk
(CO-43c1)

NOTICE

Notice is hearby given that Delta Natural Gas Company, Inc. ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental Alternative Regulation Plan.
The proposed Alternative Regulation Plan would establish on an experimental basis for a period of three years a process for ensuring that Delta is not over or under earning with respect to its gas utility operations. Subject to certain performance constraints, the experimental Alternative Regulation Plan could result in charges or credits during the three-year period to bring Delta's earnings within the range established by the Public Service Commission.
The proposed Alternative Regulation Plan would consist of three Components: (1) an Annual Adjustment Component, (2) an Actual Adjustment Factor, and (3) a Balancing Ad-

AFFIDAVIT OF PUBLICATION

I, Teresa L. Mullins, Editor of the Berea Citizen, paper of general circulation, printed and published at Berea, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Berea Citizen on the following date: May 27, 1999.

May 20, 1999
Jm

Teresa L. Mullins
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 24th day of May, 1999.
My Commission expires: 11/21/99.

Lloyd Caudill
Notary Public

Delta Gas

Notice

Notice is hereby given that Delta Natural Gas Company, Inc. ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental Alternative Regulation Plan.

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The matters set forth above are those matters proposed by Delta. However, the Public Service Commission may issue an order or orders that differ from the foregoing proposals.

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Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40319
606-744-6171

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
502-564-3940

AFFIDAVIT OF PUBLICATION

I, Genevieve Brannon, ~~Editor~~ General manager of the Bourbon County Citizen, paper of general circulation, printed and published at Paris, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Bourbon County Citizen on the following date: May 26, 1999.

Genevieve Brannon
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 26 day of May, 1999.
My Commission expires: 9-28-2000.

Wanda O'Bryan
Notary Public

Legals

complaining witness. cc $74.[illegible], pd. fees $152.50 - $227.25. Defendant to pay $25 p/wk by 5-28-99.

Derek Hamilton: Criminal Mischief - 2nd degree, defendant to make restitution; $2,[illegible] dismissed without prejudice review 11/17/99.

Wendall Treadway: alcohol intoxication f $25; resisting, assault 4th, spouse abuse, suspended 1 yr, to serve 90 days w/credit evaluation and counseling at Comp Care.

James F. Bailey: Alcohol intoxication, sp f $25; drug paraphernalia use/possession, 30 days suspended for 2 years; Possession of marijuana, f $10 c/c $74.75 - $199.75.

Christopher Brice: Theft by unlawful taking, sp 30 days suspended 1 year; f $100 c/c $74.75 - $174.75.

David W. Richardson: Assault 4th, Spouse Abuse; sp 60 days, to serve 15 days, balance probated 2 years w/credit, Comp Care and counseling; remaining balance of 2 days to be served 5-30-99; f $152.50, c/c $74.75 - $227.25.

William O. Kenney: Violation of emergency protection order, 60 days, serve 15, balance probated 2 years w/credit, abide by domestic violence order and no new offense. f $52.50, $100 recoup, c/c $74.75 - $227.25.

Jeffery Caskey: Reckless driving. f $100, c/c $68.50 - $168.50. Merged.

LAWSUITS

Jack Martin Goins et al. vs. Doug Preston et al. for an undetermined amount of claimed due for alleged damages sustained in a fire.

Kentucky Bank vs. Paul Dwayne Williams for $5,155 etc. claimed due on a note.

Hayco Inc. vs. Housing Authority of Paris, Ky., for an undetermined amount claimed due for alleged breach on contract.

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606-744-6171

Public Service Commission
130 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
502-564-3940

NOTICE

Notice is hereby given that the following fiduciaries have filed Settlements as such with the Clerk of Bourbon District Court upon the following estates:

Grace E. Langfels, Executrix of Marjorie B. Houston, Atty. Bradley, Blanton & Wooten, P.O. Box 257, Paris, KY 40361: James W. Masterson, Executor of Pauline J. Williams, Atty. James E. Prater, P.O. Box 487, Paris, KY 40361: Robert E. Crumbie, III, Executor of Robert E. Crumbie,

RECEIVED
JUN 14 1999

AFFIDAVIT OF PUBLICATION

I, Pam Fatherjill Adv. mgr. of the Central Record, paper of general circulation, printed and published at Lancaster, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Central Record on the following date: May 27, 1999.

Pamela Fathergill
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 27 day of May, 1999.
My Commission expires: 2-5-2002.

Oneida W. Black
Notary Public

STARSEARCH "99"

YARD SALE: Saturday, 8 a.m. - ? 128 Herring Heights. TV, dishes and girls baby things. (5-27-1tp)

YARD SALE: Friday on Wholesale Carpet parking lot. 9 - 3. Lots of everything including vinyl and carpet remnants. (5-27-1tc)

YARD SALE: Saturday - 813 Danville Road. Some furniture and much more. (5-27-1tp)

YARD SALE: Friday and Saturday 8 a.m. - ? 110 Hillcrest. Lots of furniture, baby clothes and more. (5-27-1tp)

FARM

FOR SALE - Registered Angus weaned

BIDS

INVITATION TO BID

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606-744-6171

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
502-564-3940

(5-27-1tc)

PUBLIC NOTICE

NOTICE OF PUBLIC MEETING

"Ga

on the National Register of Historic Place
listing by the Secretary of the Interior, in
(e) Objections have been made by a Federa

Objections must be prepared and submitted i
cedure (24 CFR part 58) and may be addres
Local Government, 1024 Capital Center Drive,

Objections to the release of funds on basis o
be considered by the Kentucky Department c
received after June 29, 1999 will be consider
Local Government.

Section 504 of the Rehabilitation Act of 197
vision of access to the hearing impaired thro
Devices for the Deaf (TDDs). As a result, an E
vide access for deaf persons to CDBG Progra
1-800-247-2510. An "Interpreter" will connect t

Garrard County Fiscal Court
15 Public Square
Lancaster, Kentucky 40444

QUESTIONAYERS

by William Jerry

1.Geronimo was the leader of which
2.Who was James Butler Hickcok?
3.Which tribe was said to be the gre
4.What was "Buffalo Bill's" real nam
5.What indian invented the Indian a
6.Which tribe is most famous for the

(answers)

1.Apache.
2.Wild Bill Hickcok.
3. Creek
4.William F. Cody.
5. Sequoya.
6.Navaho.

AFFIDAVIT OF PUBLICATION

I, Guy Hatfield, Editor of the Citizens Voice & Times, paper of general circulation, printed and published at Ivine, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Citizens Voice & Times on the following date: May 27, 1999.

Guy Hatfield/gf
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 9th day of June, 1999.
My Commission expires: 10-18-99.

Earline Arvin
Notary Public

profit sharing.
No Fees! Call CBS @ 624-3111

E.O.E.

NOTICE

Notice is hereby given that Delta Natural Gas Company, Inc. ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental Alternative Regulation Plan.

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Public Service Commission
730 Schenkel Lane
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Frankfort, KY 40602
502-564-3940

at 59, N 88 E 14 poles at 60; S 89 E 25 poles to a pin oak at 61; thence S 80 E 22 poles at 62; N 38 E 14 poles to point of cliff at fig. 4 on plat; thence N 9 W 27 poles to a stake in edge of road at 16; thence N 22 E 76 poles to two small white oaks at fig. 3 on plat; thence N 50 W 30 poles to the beginning. Said land lies on Horns Branch of Red Lick Creek in Estill County, Kentucky.

Being the same property conveyed to George Ann French by Nancy A. Johnson, et al., by and through R. W. Smith, Special Commissioner of the Estill Circuit Court, by deed dated May 31, 1905, and recorded in Deed Book 32, page 612, Estill County Court Clerk's Office, Irvine, Kentucky.

George Ann French died intestate sometime in 1937, a resident of Estill County, Kentucky, leaving surviving her the following: Addie B. Campbell, daughter; Emma Richardson, daughter; Bessie Powell, daughter; Minus French, son; Mary Johnson, granddaughter; Ovey Wilson, grandson; Elsie Stafford, granddaughter; Imo Noland, granddaughter; Gillie Flora, granddaughter; Bruce Wilson, grandson; Edgar Wilson, grandson; and Neva Williams, granddaughter. See Affidavit of Descent recorded in Deed Book 228, page 372, same office.

The above-described property shall be sold upon the following terms and conditions:

1. The purchaser or purchasers of said real property shall be required to pay the sum of 10% down in cash at the time of sale.
2. The balance thereon on credit of 30 days at the lawful rate of interest at 12% per annum.
3. The purchaser or purchasers of said real property shall be required to execute a bond with sufficient surety thereon and the bond shall have the full force and effect of a judgement in order to secure the payment of the balance of the purchase price and said bond shall constitute a lien upon said property until paid.
4. Any purchaser or purchasers shall have the privilege of paying all or any portion of the purchase price or pay said balance before maturity by paying the principal thereof, together with all accrued interest thereon.
5. Said property shall be sold free and clear of the interests of the parties, except for easements and restrictions appearing of record in the Estill County Court Clerk's Office.
6. All taxes or assessments for 1998 shall be paid by the purchaser or purchasers.
7. Risk of loss of the improvements of the real property shall pass to the purchaser or purchasers at the time of sale and any purchaser or purchasers shall have possession of the real property to be sold herein upon payment in full of the purchase price.

/s/ ELIZABETH RAYNOR SHORT
Master Commissioner of the
Estill Circuit Court
P.O. Drawer D
Beattyville, Kentucky 41311

(606) 464-2466

AFFIDAVIT OF PUBLICATION

I, Ken Simon, Editor of the Clay City Times, paper of general circulation, printed and published at Stanton, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Clay City Times on the following date: May 27, 1999.

Ken Simon
Signature RS

NOTARY PUBLIC

Subscribed and sworn to before me this 8 day of June, 1999.
My Commission expires: 10-19-99.

Virginia Ervin
Notary Public

CLASSIFIED

DRIVERS—Over The Road, 35

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Public Service Commission
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P.O. Box 615
Frankfort, KY 40602
502-564-3940

National Park Service makes this announcement in the Clay City Times to notify landowners within the Red River Gorge NNL. The National Park Service announces the revised NNL program regulations through local newspapers when a NNL has over 50 owners.

The NNL Program was established in 1963 to encourage the voluntary preservation of outstanding ecological and ecological sites in the United States, Puerto Rico, the Virgin Islands, and the former Trust Territory of the Pacific islands. A NNL is a nationally significant site designated by the Secretary of the Interior because it represents one of the best remaining examples of a particular ecological or geological feature within a natural region of the country. Some of the more famous examples of NNLs, among the 587 designated, include the Rancho La Brea Tar Pits, California, and the Okefenokee Swam, Georgia.

The designation of a site as a NNI is not a land withdrawal, does not alter property ownership, does not involve regulating land use by the federal government, and does not require that the general public be permitted on the property. The Program is a cooperative endeavor between the National Park Service and federal, state or private landowners, to further the preservation of diverse examples of our country's natural heritage.

On November 28, 1999, the National Park Service placed a moratorium on the NNL Program, which postponed activities related to the consideration (i.e. nomination, evaluation, and designation) of new sites for natural landmark status. The moratorium remained in place while steps where taken to improve program information and the program regulations were revised. Comments and suggestions from landowners and others were considered before the revised regulations where finalized. There have been times when the NNI Program has been grossly misrepresented in various media. For this reason, the National Park Service in the revised NNL program regulations carefully spells out how the program operates and its effect on property owners.

The revised program regulations also provide a 90-day opportunity for landowners to request the removal of NNL designation from their property. The 90-day period begins after the information packet is received by a landowner. The information packet described above includes information on how to remove NNL designation. The National Park Service hopes that landowners will not choose this option, and will wish to remain part of this honorary, non-restrictive program. The packet also describes some program benefits.

Should a landowner have any questions or concerns, either before or after requested information is received, they can contact the Service representative identified above. We appreciate your understanding in being notified in this manner and look forward to providing requested information and addressing any potential issues that may be of concern to you.

AFFIDAVIT OF PUBLICATION

I, Virginia Fette, Editor of the Flemingsburg Gazette, paper of general circulation, printed and published at Flemingsburg, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Flemingsburg Gazette on the following date: May 26, 1999.

Virginia Fette
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 28th day of May, 1999.
My Commission expires: 04-07-01.

Kelly M Pfeffer
Notary Public

NOTICE

Notice is hereby given that Delta Natural Gas Company, Inc. ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental Alternative Regulation Plan.

The proposed Alternative Regulation Plan would establish on an experimental basis for a period of three years a process for ensuring that Delta is not over or under earning with respect to its gas utility operations. Subject to certain performance constraints, the experimental Alternative Regulation Plan could result in charges or credits during the three year period to bring Delta's earnings within the range established by the Public Service Commission.

The proposed Alternative Regulation Plan would consist of three components: (1) an Annual Adjustment Component, (2) an Actual Adjustment Factor, and (3) a Balancing Adjustment Factor. The Annual Adjustment Component would adjust rates for an upcoming fiscal year to bring Delta's rate of return on equity within the range found to fair, just and reasonable by the Commission, subject to certain performance constraints. The Actual Adjustment Factor and Balancing Adjustment Factor would perform true-up calculations to ensure that Delta is not over or under earning based on actual operating and financial results.

The experimental Alternative Regulation Plan may result in either increases or decreases in the price of gas service in order to bring Delta's earnings within the range established by the Public Service Commission. However, changes in the Annual Adjustment Component cannot result in an increase of more than 5 percent of total revenue.

The matters set forth above are those matters proposed by Delta. However, the Public Service Commission may issue an order or orders that differ from the foregoing proposals.

Notice is futher given that any corporation, association, body politic, or person with a substantial interest in the matter may request to intervene by motion within 30 days after notice of the foregoing proposed action is given; intervention may be granted beyond the thirty (30 day period for good cause shown. The motion shall be submitted to the Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request, including the status and interest of the party. Any person who has been granted intervention may obtain copies of Delta's application and testimony by contacting John F. Hall, Delta Natural Gas Company, Inc., at the address and telephone number shown below. A copy of the application and testimony shall be available for public inspection at the offices of Delta or the Public Service Commission at the addresses and telephone numbers shown below.

Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40319
606-744-6171

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
502-564-3940

SAVE THOUSANDS while protecting your investment Must sell 3 NEW Arch Type Steel Buildings. 25x30, 35x50. Undelivered orders & repossessions. Easy financing. Call today for availability. 1-800-991-9251.

FOR SALE: Armstrong Alto Saxophone, 1993 Margay Racing Go-Kart. Call 849-2432.

MUST SELL - Divorce, beautiful doublewide, 4 BR/2 Bath, $1000 and assume loan. 606-365-2826.

RIVER BOTTOM Top Soil. 663-9150---Pager 741-0994.

ATTENTION PRIMESTAR

SAVE THOUSANDS while protecting your investment Must sell 3 NEW Arch Type Steel

NEW/USED COMPUTER Systems, Monitors, Printers, upgrade parts, software, Nintendo, Sega, Playstation, games, movies, VCR's & more. Lee's Electronics, 1725 Richmond Rd., Irvine. 723-2947.

VEGETABLE PLANTS and flowers for sale. Cabbage, Broccoli, Peppers, Tomatoes, etc. 1630 Pea Ridge Road. 723-5573.

LARGE FLOWER Baskets made with treated lumber, with short or tall handles. Call 464-2503.

SAVE THOUSANDS while protecting your investment! Must sell 3 NEW Arch Type Steel

Affordable Housing Mart Richmond. Call (606) 624-0200 or (800) 755-5360.

FACTORY REBATES equals low down payment. Call for Loan Preapproval. Trading Post 1-800-507-9016.

MOBILE HOMES

DO YOU have your own land? Living in an older model Mobile Home that you are not happy with? We give top dollar for trade ins. Call us about your new 1999 Fleetwood Home by just trading in your old home. The Affordable Housing Mart - Richmond. Call (606) 624-0200 or (800) 755-5360.

VINYL SIDING, shingle roof payments and

THE JACKSON COUNTY SUN

P.O. Box 130
McKee, Kentucky 40447

Jackson County Sun, Inc.
Publisher

Phone (606) 287-7197

I, George Ferrell, editor of The Jackson County Sun newspaper, do hereby certify that from my own knowledge and a check of the files of this newspaper that the advertisement of PSC Notice, for Delta Gas _____ was inserted in The Jackson County Sun on the following dates:

Date: 5/27/99 Page: B-7 Column: 1-3

Date:_____ Page:_____ Column:_____

Date:_____ Page:_____ Column:_____

Date:_____ Page:_____ Column:_____

Signature: George C. Ferrell

Subscribed and sworn to me by George Ferrell this 17 day of June, 19 99

Notary Public: Doris Ward

My Commission Expires: 11-19-99

June 4, 1999, 11AM, Supervisor's Office, 1700 Bypass Road, Winchester, Ky.
5/27

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Notice is hereby given that Delta Natural Gas Company, Inc. ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental Alternative Regulation Plan.

The proposed Alternative Regulation Plan would establish on an experimental basis for a period of three years a process for ensuring that Delta is not over or under earning with respect to its gas utility operations. Subject to certain performance constraints, the experimental Alternative Regulation Plan could result in charges or credits during the three-year period to bring Delta's earnings within the range established by the Public Service Commission.

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Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40319
606-744-6171

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
502-564-3940

Action No. 99-CI-00, by Felix Taylor and Roberta Taylor, against David Johnson, Donald Johnson; Edna Cornett and Herbert Cornett, husband and wife; Lucille Johnson, Robert Johnson, Jr., and Lori Johnson, husband and wife; UNKNOWN HEIRS OF ROBERT JOHNSON A/K/A ROBERT A. JOHNSON AND SPOUSES; AND UNKNOWN HEIRS OF DANIEL B. JOHNSON AND SPOUSES. Felix Taylor and Roberta Taylor are asking that the jointly owned real estate of the parties, located on the waters of Ferrills Creek, be sold at public auction by the Master Commissioner.

By order entered May 12, 1999 the Court appointed the undersigned attorney as Warning Order Attorney for the UNKNOWN HEIRS OF ROBERT JOHNSON A/K/A ROBERT A. JOHNSON AND SPOUSES AND UNKNOWN HEIRS OF DANIEL B. JOHNSON AND SPOUSES, to notify them of the pendency and nature of the above action. The UNKNOWN HEIRS OF ROBERT JOHNSON A/K/A ROBERT A. JOHNSON AND SPOUSES AND UNKNOWN HEIRS OF DANIEL B. JOHNSON AND SPOUSES will be considered summoned thirty (30) days after May 12, 1999 and must file an answer within fifty days after May 12, 1999.

Anyone having knowledge of the names and addresses of the above heirs, please contact the undersigned.

SHARON K. ATTIS
ATTORNEY AT LAW
P.O. BOX 1228
NICKEL, KENTUCKY 40447
(606) 287-4317

fence to a small hickory; thence N 76 degrees 34' 00" W, a distance of 287.94' to a pine in the corner of the fence; thence N 36 degrees 55' 31" E, a distance of 83.79' with the fence to a small hickory; thence S 82 degrees 09' 30" E, a distance of 90.27' with the fence to a wild cherry; thence N 81 degrees 27' 43" E, a distance of 90.81' with the fence to a forked Hickory; thence N 82 degrees 26' 49" E, a distance of 101.51' with the fence to a corner in the fence; thence N 51 degrees 37' 54" E, a distance of 106.64' crossing the lands to an iron stake corner at the electric pole guy wire; thence S 43 degrees 15' 45" E, a distance of 396.25' to a Pine below the barn in the old original line; thence S 66 degrees 42' 03" W, a distance of 261.42' to the point of beginning, said described tract containing 2.6 acres, more or less.

Being the same property the defendants, Steven F. Robinson and Susan D. Robinson, acquired from Eugene Truett, by deed dated December 23, 1997, and recorded in Deed Book 149, at page 674, Jackson County Clerk Office.

This property will be sold for cash, or twenty (20%) percent down, with thirty, (30) days, to pay the balance at the option of the purchaser. Unless the purchaser so elects to pay cash, the purchaser of the property so sold shall give bond for the purchase price with good surety approved by the Master Commissioner in making the sale, which bond shall be payable to the Master Commissioner, and shall bear interest at the rate of twelve (12%) per cent per annum from the date thereof until paid. The bond shall have the full force and effect of the Judgment and should execution be issued thereon, no replevy shall be allowed.

A lien shall exist and be retained by the Master Commissioner on the property sold under this Judgment as security for the purchase money.

This property is being sold to raise the sum of $53,694.08, plus interest having accrued thereon from December 23, 1997, at the rate of 9.5% until date of judgment, plus interest at the legal rate from date of judgment thereafter until paid in full, plus its costs herein expended in the amount of $ 135.00, plus attorneys fee in an amount to be determined at the distribution, which the Plaintiff hath been granted Judgment against the Defendants, in the Judgment and Order mentioned above in this action, and the costs thereof.

This the 24 th day of May, 1999.

CARL G. CUNNAGIN, MASTER COMM.
JACKSON CIRCUIT COURT

FREE THINGS TO SEND FOR

(NAPS)—For a free copy of the *Consumer Guide to Selecting, Installing and Maintaining Carpet*, call the Carpet and Rug Institute consumer information line at 1-800 882-8846 or visit their website at www.carpet-rug.com.

For information about home designs that improve the quality of life, call 1-800-4-KOHLER, ext. NWS; or visit www.kohlerco.com.

To learn how you can improve the quality of your home's water and thereby reduce the amount of time you'll spend cleaning, call Kinetico at 1-800-944-WATER (9283) and request the free *Consumer's Guide to Better Water* or visit the company's website at www.kinetico.com.

For information about what to do if your car or truck has a safety-related defect, call 1-888-DASH-2-DOT (1-888-327-4236) or visit www.nhtsa.dot.gov/hotline

THE JESSAMINE JOURNAL

RECEIVED
JUN 1 1 1999

507 North Main Street • Nicholasville, Kentucky 40356

NOTICE OF PUBLICATION

STATE OF KENTUCKY
COUNTY OF JESSAMINE

Before me, a Notary Public, in and for said County and State,

this 9th day of June, 19 99,

came Linda Willey, personally known

to me, who being duly sworn, states as follows: That he/she is

Production Manager

of The Jessamine Journal in Nicholasville, Kentucky,

and that said publication of Jessamine Journal

printed the advertising for Delta Gas, Winchester, KY

on May 27, 1999.

concerning a notice to the public occupying the following space:

2 x 4.5.
(size of ad)

Sara Brooklin Eldridge, Notary Public

My commission expires January 21, 2003

NOTICE TO CREDITORS

NOTICE is hereby given that Helen Smith has qualified as Guardian of the estate of Destiny Kirkland of Jessamine County, Kentucky, on May 12, 1999. All persons having claims against the said estate are requested to present same properly proven as required by law to the aforesaid Helen Smith at 117 Raleigh Road, Nicholasville, KY 40356, not later than November 15, 1999.

Doug Fain
Jessamine Circuit Clerk

NOTICE

BGSL is accepting bids on up to 58 acres of pasture. Pasture will be on cash rent basis only. Copies of the contract are available during regular BGSL hours at entrance to the club (2500 Handy's Bend Road). Sealed bids should be mailed to Dexter Knight, 200 Bridgeside Drive, Nicholasville, KY 40356. Postmark Deadline: May 31st. BGSL reserves the right to refuse any and all bids.

JESSAMINE CIRCUIT COURT
CIVIL BRANCH

JOHN O'MEARA D/B/A MILESTONE FARM, LLC — PLAINTIFF

VS — NOTICE OF SALE — NO 98-CI-00311

PETER CALNAN — DEFENDANT

****

By the authority vested in me by the Kentucky Revised Statutes and that certain Execution Order and Order for Sale of the Jessamine Circuit Court, entered in the above entitled cause on April 16, 1999, in favor of John O'Meara, D/B/A Milestone Farm, LLC, plaintiff and against Peter Calnan, defendant, I shall on Friday, the 28th day of May, 1999, at the hour of 10:00 a.m. (EST), at the Jessamine County Sheriff's Office, Jessamine County Public Safety Building, 101 South Second Street, Nicholasville, Jessamine County, Kentucky, expose for public sale the following horses: TARANTA'S TAIL (barren) TARANTA, TARANTA '98, DELIGHTFUL BOOK, DELIGHTFUL BOOK '98, and two foals. I shall proceed to sell the described horses to satisfy the aforesaid judgment and liens adjudged therein to the plaintiff in the amount of $35,200.00, plus interest and court costs to the highest and best bidder on the terms of cash due at the date and time of sale.

Jessamine County Sheriff
Jessamine County Public Safety Bldg.
Nicholasville, Kentucky 40356

By: Joe Walker, Sheriff
JOE WALKER, SHERIFF

COMMISSIONER'S SALE OF LAND
June 11, 1999 at 12:15 PM
TO BE HELD AT JESSAMINE COUNTY COURTHOUSE, NICHOLASVILLE, KENTUCKY

Pursuant to a judgment in the sum of $442,909.25 plus interest through January 21, 1999 in the amount of $23,598.94 at the rate of $110.73 per diem (9% per annum) from January 21, 1999 until judgement and there after at the rate of 12% per annum until paid AND $65,000.00 plus interest through January 21, 1999 in the amount of $1,982.50 at the rate of $15.25 per diem (9% per annum) until judgement and there after at the rate of 12% per annum until paid plus interest at the rate of in favor of First Security Bank of Owensboro, Inc., and Order of Sale of the Jessamine Circuit Court dated May 19,1999, in the case of IRWIN C. COBANE AND CONSTANCE L. COBANE v. STEVE TAULBEE dba THE TAULBEE COMPANY; CHARLANE TAULBEE; REPUBLIC BANK & TRUST COMPANY; FIRST SECURITY OF OWENSBORO, INC; FIRST LANCASTER FEDERAL SAVINGS BANK; DON PARKERSON PLUMBING, INC.; PLOWMAN WATER PROOFING CO.; EQUIPMENT SALES AND RENTALS, INC.; and HARROD CONCRETE AND STONE CO., INC. the said case being identified by the Clerk of the Jessamine Circuit Court as Civil Action No. 99-CI-009, the undersigned Master Commissioner of the Jessamine Circuit Court will sell, at public auction to the highest and best bidder at the Jessamine County Courthouse, Main Street, Nicholasville, Kentucky, on Friday, June 11, 1999 at 12:15 PM the following described real property, 191 Paradise Lane, Nicholasville, KY 40356, to wit:

BEING all of Tract 2-A (consisting of 15.01 Acres) of the Paul Saunders Property as shown by plat thereof of record in Plat Cabinet 8, Slide 306, in the Jessamine County Clerk's Office.

BEING the same property conveyed to Steve Taulbee and Charlane Taulbee, his wife, by deed dated April 3,1998, of record in Deed Book 382, Page 172, in the Jessamine County Clerk's Office.

The terms of the sale shall be ten (10%) percent of the purchase price in the form of a cash deposit at the time of sale and balance of the purchase price on a credit of 60 days for which the purchaser will be required to execute a bond with good and sufficient surety and said amount shall bear interest at the rate of twelve (12%) percent per annum from the date of sale until paid and said bond shall have the same force and effect as a judgment and shall remain and be a lien upon said property until paid. The purchaser shall have the privilege of paying all of the purchase price in cash at the time of sale or paying said bond before maturity by paying the principal amount thereof, together with all interest thereon until the date of said payment.

The purchaser shall be required to assume and pay all taxes levied against said property by the Commonwealth of Kentucky, County of Jessamine, City of Nicholasville, or any school district which shall become due and payable at any time during the year 1999, or thereafter. The sale of the real estate shall be made subject to all zoning and building regulations, restrictions, ordinances, easements, covenants, and rights-of-way, of record, or otherwise. The property shall be sold "as is", and possession shall pass to the purchaser upon delivery of deed.

From the sale proceeds the Master Commissioner shall pay the court cost of this action, including a reasonable fee for Plaintiff's attorney, the expenses of sale including the Master Commissioner's fee, any delinquent county, state, city or school ad valorem property taxes and the remainder of the sale proceeds shall be applied in satisfaction of the Judgment granted the Plaintiff herein. The balance of the sale proceeds, if any, shall be then held by the Master Commissioner pending further Order of this Court.

Possession of the real property will be given to the purchaser upon confirmation of the report of sale by the Jessamine Circuit Court, delivery of a Commissioner's Deed to the purchaser and full payment of the purchase price plus interest as herein before described.

Risk of loss shall pass to the purchaser upon execution of bond of sale.

PUBLIC NOTICE

The Jessamine County-City of Wilmore Joint Planning Commission will meet in regular session, Tuesday, June 8, 1999 at 7:00 p.m. in the Jessamine County Courthouse

The agenda will be as follows:

1. A Public Hearing for a Zone Map Amendment Application from A-1 to R-1 for 80 acres, submitted by Joe and Leslie Sternberg, Sam and Cecile Sternberg and John and Portia Horne for property located South of Brannon Road approximately 1000 feet Westerly of Windom Lane.

2. Preliminary Plat Application for a Major Subdivision for 256.9 acres to be divided into thirty five (35) lots, Colonial Estates Subdivision, submitted by Gene M. and Joan Barber, George Williams, and Cox Brothers for property located at the Northwest corner of the intersection of Keene-Troy Road and Ebenezer Road.

3. Pre-Application meeting for proposed Zone Map Amendment from A-1 to B-1 for 4.899 acres in order to construct a multi-purpose family life center, requested by Norwood Hodge, Tabernacle Baptist Church for property located on Vince Road.

4. Pre-Application meeting for a Major Subdivision for 30.52 acres to be divided into twenty five (25) lots, Crosswoods Subdivision, Unit 3, requested by Turfland Development Corporation for property located between Crosswoods Subdivision, Unit 2 and the Fayette County line and East of Bellerive Plaza.

5. A Public Hearing for Proposed Amendment to the Jessamine County-City of Wilmore Subdivision Regulations relative to the adoption of Wilmore Water and Sewer Construction Specifications.

6. Other Business.

Betty L. Taylor
Administrative Officer

NOTICE

I, Jerry Rice Peel, will no longer be responsible for debts incurred by Brenda Joyce Peel, from the 20th day of May, 1999 forward.

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
NOTICE TO CONTRACTORS

Sealed bids will be received by the Department of Highways in the Division of Contract Procurement and/or the Auditorium located on the 1st Floor of the State Office Building, Frankfort, Kentucky, until 10:00 A.M., EASTERN DAYLIGHT TIME on the 18th day of JUNE, 1999, at which time bids will be publicly opened and read for the improvement of.

CBGR 99 0000074, JESSAMINE COUNTY. Asphalt Surface on Various Roads. (see proposal for additional information).

JESSAMINE COUNTY, FE06 057 0169 000-002: the Tates Creek Road (KY 169) from Daniel Boone Road (MP 0.087) extending to Private Entrance, a distance of 1.200 miles. Guard rail.

Bid proposals for all projects will be available until 9:00 A.M., EASTERN DAYLIGHT TIME, FRIDAY, JUNE 18, 1999, at the Division of Contract Procurement. Bid proposals for all projects will be available at a cost of $10 each and remittance payable to the State Treasurer of Kentucky must accompany request for proposals (NON-REFUNDABLE). BID PROPOSALS ARE ISSUED ONLY TO PRE-QUALIFIED CONTRACTORS.

Specimen proposals for all projects will be available to all interested parties at a cost of $10 each (NON-REFUNDABLE). Specimen proposals cannot be used for bidding.

COMMISSIONER'S SALE OF LAND
June 11, 1999 at 12.00 Noon
TO BE HELD AT JESSAMINE COUNTY COURTHOUSE, NICHOLASVILLE, KENTUCKY

Pursuant to a judgment in the sum of $49,921.66 plus interest at the rate of 8.25 percent per annum from November 1, 1995 in favor of BANK ONE, LEXINGTON, NA, and Order of Sale of the Jessamine Circuit Court dated April 28,1999, in the case of BANK ONE, LEXINGTON, NA v. RANDY WALKER and DENISE WALKER, his wife; JILL OBLEY ROBINSON and GREGORY ROBINSON, her husband the said case being identified by the Clerk of the Jessamine Circuit Court as Civil Action No. 96-CI308, the undersigned Master Commissioner of the Jessamine Circuit Court will sell, at public auction to the highest and best bidder at the Jessamine County Courthouse, Main Street, Nicholasville, Kentucky, on Friday, June 11, 1999 at 12:00 Noon the following described real property to wit:

All of that certain tract of land containing 11.067 acres and fronting on the Elm Fork Road at the intersection of the Elm Fork Road and Peel Lane in Jessamine County, Kentucky, which is more particularly described by plat thereof recorded in Plat Cabinet 3, at Slide 35, in the Jessamine County Clerk's Office, to which plat reference is hereby made and incorporated herein for a more accurate description of said property.

Being the same property conveyed to RANDY WALKER and DENISE WALKER, his wife, by JILL ANNE OBLEY (now ROBINSON) and GREGORY ROBINSON, her husband, by deed dated December 16, 1993 and of record in Deed Book 314, Page 6, in the Office of the Clerk of the Jessamine County Court.

The terms of the sale shall be ten (10%) percent of the purchase price in the form of a cash deposit at the time of sale and balance of the purchase price on a credit of 60 days for which the purchaser will be required to execute a bond with good and sufficient surety and said amount shall bear interest at the rate of twelve (12%) percent per annum from the date of sale until paid and said bond shall have the same force and effect as a judgment and shall remain and be a lien upon said property until paid. The purchaser shall have the privilege of paying all of the purchase price in cash at the time of sale or paying said bond before maturity by paying the principal amount thereof, together with all interest thereon until the date of said payment.

The purchaser shall be required to assume and pay all taxes levied against said property by the Commonwealth of Kentucky, County of Jessamine, City of Nicholasville, or any school district which shall become due and payable at any time during the year 1999, or thereafter. The sale of the real estate shall be made subject to all zoning and building regulations, restrictions, ordinances, easements, covenants, and rights-of-way, of record, or otherwise. The property shall be sold "as is", and possession shall pass to the purchaser upon delivery of deed.

From the sale proceeds the Master Commissioner shall pay the court cost of this action, including a reasonable fee for Plaintiffs attorney, the expenses of sale including the Master Commissioner's fee, any delinquent county, state, city or school ad valorem property taxes and the remainder of the sale proceeds shall be applied in satisfaction of the Judgment granted the Plaintiff herein. The balance of the sale proceeds, if any, shall be then held by the Master Commissioner pending further Order of this Court.

Possession of the real property will be given to the purchaser upon confirmation of the report of sale by the Jessamine Circuit Court, delivery of a Commissioner's Deed to the purchaser and full payment of the purchase price plus interest as herein before described.

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Winchester, KY 40319	P.O. Box 615
606-744-6171	Frankfort, KY 40602
	502-564-3940

COMMISSIONER'S SALE OF LAND
June 11, 1999 at 12:30 PM
TO BE HELD AT JESSAMINE COUNTY COURTHOUSE, NICHOLASVILLE, KENTUCKY

Pursuant to a judgment in the sum of $60,862.18 with interest on a principle balance of $59,096.83 plus interest at the rate of in favor of FARMERS BANK AND TRUST COMPANY, and Order of Sale of the Jessamine Circuit Court dated May 11, 1999, in the case of FARMERS BANK AND TRUST COMPANY v. DONALD C. GLASGOW AND MILDRED A GLASGOW; EQUI CREDIT CORPORATION OF AMERICA, JACKSONVILLE, FLORIDA the said case being identified by the Clerk of the Jessamine Circuit Court as Civil Action No. 99-CI-0168, the undersigned Master Commissioner of the Jessamine Circuit Court will sell, at public auction to the highest and best bidder at the Jessamine County Courthouse, Main Street, Nicholasville, Kentucky, on Friday, June 11, 1999 at 12:30 PM the following described real property to wit:

A certain tract of real estate, lying and situated in the City of Nicholasville, Jessamine County, Kentucky, and more fully described as follows:

Being all of Lot 1, Block E, Unit 1-A, Orchard View Subdivision, Nicholasville, Jessamine County, Kentucky, a plat which is found of record in Plat Cabinet 4, Slide 134, in the office of the Jessamine County Clerk; said premises being known and designated as 105 Jason Drive, Nicholasville, Kentucky; and

Being the same lot of real estate which was conveyed to Donald C. Glasgow and Mildred A. Glasgow, in survivorship, from Aaron B. Shelley and Kelly W. Shelley, by Deed dated January 22, 1997 and recorded in the Office of the Clerk of the Jessamine County Court in Deed Book 362, Page 183.

The terms of the sale shall be ten (10%) percent of the purchase price in the form of a cash deposit at the time of sale and balance of the purchase price on a credit of 60 days for which the purchaser will be required to execute a bond with good and sufficient surety and said amount shall bear interest at the rate of twelve (12%) percent per annum from the date of sale until paid and said bond shall have the same force and effect as a judgment and shall remain and be a lien upon said property until paid. The purchaser shall have the privilege of paying all of the purchase price in cash at the time of sale or paying said bond before maturity by paying the principal amount thereof, together with all interest thereon until the date of said payment.

The purchaser shall be required to assume and pay all taxes levied against said property by the Commonwealth of Kentucky, County of Jessamine, City of Nicholasville, or any school district which shall become due and payable at any time during the year 1999, or thereafter. The sale of the real estate shall be made subject to all zoning and building regulations, restrictions, ordinances, easements, covenants, and rights-of-way, of record, or otherwise. The property shall be sold "as is", and possession shall pass to the purchaser upon delivery of deed.

From the sale proceeds the Master Commissioner shall pay the court cost of this action, including a reasonable fee for Plaintiff's attorney, the expenses of sale including the Master Commissioner's fee, any delinquent county, state, city or school ad valorem property taxes and the remainder of the sale proceeds shall be applied in satisfaction of the Judgment granted the Plaintiff herein. The balance of the sale proceeds, if any, shall be then held by the Master Commissioner pending further Order of this Court.

Possession of the real property will be given to the purchaser upon confirmation of the report of sale by the Jessamine Circuit Court, delivery of a Commissioner's Deed to the purchaser and full payment of the purchase price plus interest as herein before described.

Risk of loss shall pass to the purchaser upon execution of bond of sale.

C. MICHAEL DIXON
MASTER COMMISSIONER
JESSAMINE CIRCUIT COURT

AFFIDAVIT OF PUBLICATION

I, Vernon Baker, Editor of the Leslie County News, paper of general circulation, printed and published at Hyden, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Leslie County News on the following date: May 27, 1999.

Vernon Baker
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 1st day of June, 1999.
My Commission expires: 5-15-2001.

Reba R Baker
Notary Public

tion at the Department for Surface Mining Reclamation and Enforcement, London Regional Office, Regional State Office Building, 85 State Police Road, London, Kentucky 40741-9011 Written comments, objections, or requests for a permit conference must be filed with the Director, Division of Permits, #2 Hudson Hollow, U.S. 127 South, Frankfort, Kentucky 40601.

This is the final advertisement of this application; all comments, objections, or request for a permit conference must be received within thirty (30) days of today's date.

Notice

NOTICE OF INTENTION TO MINE
Pursuant to Application No. 866-8007, Renewal

In accordance with KRS 350.055, notice is hereby given that Bledsoe Coal Corporation 1374 Highway 192 East, London, Kentucky 40741 has applied for renewal of a permit for a washer coal processing facility affecting 23.50 acres located 1.0 mile southeast of Napier, Kentucky in Leslie County.

The operation is approximately 5.0 miles southeast from KY 2008's junction with KY 2009 and located 0.2 miles east of Greasy Creek. The latitude is 36°58'20". The longitude is 83°16'51".

The operation is located on the Bledsoe USGS 71/2 minute quadrangle map. The surface area disturbed is owned by Bledsoe Coal Corporation.

The application has been filed for public inspection at the Department for Surface Mining Reclamation and Enforcement's London Regional Office, 85 State Police Road, State Office Building London, Kentucky 40741. Written comments, objections or requests for a permit conference must be filed with the Director, Division of Permits, #2 Hudson Hollow, U.S. 127 South, Frankfort, Kentucky 40601.

Notice

NOTICE OF INTENTION TO MINE
Pursuant to Application No. 866-8008, Renewal

In accordance with KRS 350.055, notice is hereby given that Bledsoe Coal Corporation 1374 Highway 192 East, London, Kentucky 40741 has applied for renewal of a permit for a refuse disposal coal processing facility affecting 203.54 acres located 1.0 mile southeast of Napier, Kentucky in Leslie County.

The operation is approximately 5.0 miles southeast from KY 2008's junction with KY 2009 and located 3,000 feet southeast of Abner Branch's confluence with Greasy Creek. The latitude is 37 deg. 02 min. 45 sec. The longitude is 83 deg. 11 min. 35 sec.

The bond now in effect for Increment No. 1 is a surety for $54,100.00 of which 100% of the original bond amount $498,400.00 is to be included in this application for release.

Reclamation work performed included: All mining area was backfilled and graded with vegetation being fully established. Trees were also planted in their approved areas. This work was completed in the Spring of 1994.

Written comments, objections and request for a public hearing or informal conference must be filed with the Director, Division of Field Service, #2 Hudson Hollow, Frankfort, KY 40601 by July 9, 1999.

A public hearing on the application has been scheduled for July 12, 1999 at 10:00 a.m. at the Department for Surface Mining Reclamation and Enforcements, London Regional Office, 85 State Police Road, London, Kentucky 40741. This hearing will be canceled if no request for a hearing or informal conference is received by July 9, 1999.

received within fifteen (15) days of today's date.

NOTICE

Notice is hereby given that Delta Natural Gas Company, Inc ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental Alternative Regulation Plan.

The proposed Alternative Regulation Plan would establish on an experimental basis for a period of three years a process for ensuring that Delta is not over or under earning with respect to its gas utility operations. Subject to certain performance constraints, the experimental Alternative Regulation Plan could result in charges or credits during the three-year period to bring Delta's earnings within the range established by the Public Service Commission.

The proposed Alternative Regulation Plan would consist of three components: (1) an Annual Adjustment Component, (2) an Actual Adjustment Factor, and (3) a Balancing Adjustment Factor. The Annual Adjustment Component would adjust rates for an upcoming fiscal year to bring Delta's rate of return on equity within the range found to fair, just and reasonable by the Commission, subject to certain performance constraints. The Actual Adjustment Factor and Balancing Adjustment Factor would perform true-up calculation to ensure that Delta is not over or under earning based on actual op-

Q: I am 60 and have bee smoking since hig school. Would quittin now help me?

A: Quitting smokin helps people at any ag Research shows tha people age 60 to 64 wh quit smoking are les likely to die during th next 15 years than peopl who continue to smoke And smokers who qui before age 50 are half a likely to die in the nex 15 years.

Quitting smokin greatly reduces a person' risk for developing can cer. The risks for devel oping cancers of the lun and pancreas slowly de crease until, within 1 years, the risks are 30 t 50 percent lower thar those of a smoker. The risks for developing can-

NOTIC

Due to a computer shutdo the Leslie County Clerk's closed Saturday, May 29, day, May 31, 1999. Have a Weekend. Sorry for any inc

James Lewis
Leslie County Clerk

PUBLIC N

The Leslie County School Safety Plan" is currently ava review and comment. The dra in the principal's office at ea the school district central offic plans that can be reviewed. V encourage all parents, comm business organizations and an individuals to review the dra comments or suggestions that prove the overall safety of our s will be available from May 17 28, 1999. If you have any add or comments about the draft school district central office a

Classifieds

Notice

NOTICE OF INTENTION TO MINE
Pursuant to Application Number 866-0229, Amendment 5

In accordance with KRS 350.070, notice is hereby given that Leslie Resources, Incorporated, 1500 North Big Run Road, Ashland, Kentucky 41102, has applied for an amendment to an existing surface coal mining and reclamation operation located 3.52 miles southwest of Cinda in Leslie County. The amendment will add 123.98 acres of surface disturbance, making a total area of 2365.29 acres.

The proposed amendment area is approximately 2.01 miles east from Lower Bad Creek Road's junction with KY 2009 and located in Right Fork of the Middle Fork of the Kentucky River. The latitude is 37° 05' 03". The longitude is 83° 21' 24".

The proposed amendment is located on the Cutshin, Kentucky, USGS 7 1/2 minute quadrangle map. The surface area to be disturbed by this amendment is owned by Asher Coal and Lumber, Inc. and C.W. Hoskins Heirs Partnership. The operation will utilize the area method of mining. The operation will not involve relocation and/or closure of Lower Bad Creek Road.

The amendment application has been filed for public inspec- The latitude is 36°57'53". The longitude is 83°16'18".

The operation is located on the Bledsoe USGS 7 1/2 minute quadrangle map. The surface area disturbed is owned by Bledsoe Coal Corporation.

The application has been filed for public inspection at the Department for Surface Mining Reclamation and Enforcement's London Regional Office, 85 State Police Road, State Office Building London, Kentucky 40741. Written comments, objections or requests for a permit conference must be filed with the Director, Division of Permits, #2 Hudson Hollow, U.S. 127 South, Frankfort, Kentucky 40601

Notice

NOTICE OF BOND RELEASE

In accordance with KRS 350.093, notice is hereby given that Nally & Hamilton Enterprises, Inc., P.O. Box 157, Bardstown, Kentucky 40004, has applied for a Phase III Bond Release on Increment No. 1 of Permit No. 866-0213 which was last issued August 8, 1994. The Increment covers an area of approximately 178.77 acres of surface area and underlies an additional 80.20 acres of auger area.

The permit area is approximately 0.50 mile East from State Route 699's junction with Cutshin Creek Road and located on Guthrie Branch of Cutshin

Notice

NOTICE OF INTENTION TO MINE
Pursuant to Application No. 866-5116, Transfer

In accordance with 405 KAR 8:010, notice is hereby given that Leeco, Inc., 1374 Highway 192 East, London, Kentucky 40741, intends to transfer Permit No. 866-5088 to Bledsoe Coal Corporation, 1374 Highway 192 East, London, Kentucky 40741. The new Permit No. will be 866-5116. The operation disturbs 0.57 surface acres and underlies 843.0 acres for a total of 843.57 acres. No new acreage is affected by the transfer.

The operation is approximately 3.5 miles northeast from KY 2008's junction with KY 2009 and 0.1 mile south of Betty Fork. The operation is located on the Cutshin and Featherwood USGS 7 1/2 minute quadrangle maps at latitude 37° 02' 00" and longitude 83° 16' 00.

The transfer application has been filed for public inspection at the Department for Surface Mining Reclamation and Enforcement's London Regional Office, 85 State Police Road, London, Kentucky 40741-9008. Written comments, objections, or request for a permit conference must be filed with the Director, Division of Permits, #2 Hudson Hollow Complex, U.S. 127 South, Frankfort, Kentucky 40601. All

erating and financial results.

The experimental Alternative Regulation Plan may result in either increases or decreases in the price of gas service in order to bring Delta's earning within the range established by the Public Service Commission. However, change in the Annual Adjustment Component cannot result in an increase of more than 5 percent of total revenue.

The matters set forth above are those matters proposed by Delta. However, the Public Service Commission may issue an order or orders that differ from the foregoing proposals.

Notice is further given that any corporation, association, body politic or person with a substantial interest in the matter may request to interview by motion within 30 days after notice of the foregoing proposed action is given, intervention may be granted beyond the thirty (30) day period for good cause shown. The motion shall be submitted to the Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request, including the status and interest of the party. Any person who has been granted intervention may obtain copies of Delta's application and testimony by contacting John F. Hall, Delta Natural Gas Company, Inc., at the address and telephone number shown below. A copy of this application and testimony shall be available for public inspection at the offices of Delta or the Public Service Commission at the addresses and telephone numbers shown below.

Delta Natural Gas Company, Inc. 3617 Lexington Road, Winchester, KY 40319, 606-744-6171. Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, KY 40602. 502-564-3940.

Guns, Prescription Drugs Taken In Lonesome Mountain Burglary

from front

The person Caldwell thought had broken into the Brock home used to live in the area for many years. The constable spoke to people who knew the suspect, and Caldwell was certain his message would get back to them. The constable advised it would be best if they brought the guns back as soon as possible.

The very next day the eight guns were found wrapped in a sheet laying in the yard of one of Brock's neighbors. Caldwell was pleased with the quick results of his work on the case. The weapons were turned over to Detective Johnny Sizemore of the Kentucky State Police (KSP).

This reporter contacted the detective about the incident, and Sizemore informed the press, "There were several types of guns taken. The people who broke in the house brought the guns back. I went and picked the guns up, and they are still in the evidence locker at Post. All eight guns will be dusted for possible finger prints."

Caldwell told this writer, "The detective said I scared somebody up since they brought the guns back so quick. People around here know they have a constable who can be depended on. I drive around in my marked car and uniform, because I want to put some respect in the office of constable in my district. I had a suspect in mind. He used to live right around here. I got the word to him. I just want him to know, if he'll come forward and turn himself in, I'll do all in my power to see that he gets treated fair."

Caldwell was sworn in as constable this past January, and he is new to law enforcement. He remarked the suspect(s) will be prosecuted if they are captured.

Caldwell continues to assist the KSP in the ongoing investigation of the incident which happened in a remote location near the Harlan County line.

Quitting Smoking

RECEIVED
JUN - 3 1999

STATE OF KENTUCKY

COUNTY OF FAYETTE

Before me, a Notary Public, in and for said County and State, this 1 day of June, 19 99 came Lynn Medina personally known to me, who, being duly sworn, states as follows: That he/she is ADS Supervisor of the Lexington Herald-Leader and that said publication of date May 25, 1999 carried the advertising of Delta Natural Gas occupying the following space. 2" x 6.25".

By Lynn Medina

(SEAL)

Notary Public

My Commission Expires
February 5, 2000

233-7878 OR 1-800-933-7355

Home & Professional Services

392 Sporting Goods

Area. Call Silver Tree Apartments
278-2514 060703

IMPERIAL POINTE Townhomes now leasing 1, 2 & 3 BR's. 1 BR designed for the elderly & handicapped. Income restricted. Call today for our specials. 885-9222 065861

LAKESHORE DR 1 BR, No pets. 1 mo free. $385 266-1457 or 255-2838. 036094

LARGE 1 & 2 BR. Starting at $425. All utilities paid. 277-4713. 080567

LOOK
2BR, pool, walk-in closet, laundry, $390-$410. 255-1115 014235

Move-In Special
DANIELS CT. APTS. Large 2 BR, air, pool, laundry. No pets. $395, gas paid.
233-1664 002581

NEW, 1 BR luxury apt. All appliances. $575/mo. 276-0765. 058129

☆☆☆☆☆☆
ONE MILE from U.K., Oversized 2 Bedroom apartments & townhomes starting at $640. Moved in NOW for the fall semester. Large pets welcome. 255-5454
☆☆☆☆☆☆ 057717

QUIET, 2 BR, south near Lowes, washer/dryer, KU. No pets $495 255-3937 122881

SCOTTISH LINKS
Nestled in charming South Lex. We have extra lg. Studios & 1 & 2 BR's available. Pool & acres of grassy land to walk your pet, starting at $329. Call 272-0392. 066342

SECTION 8 ok, 1 & 2 BR's, 455-8310. 031050

TRANSY AREA, 1BR, no pets $350 255-2838 057071

394 Store Fixtures

LARGE GLASS display case. Call 887-2620, 533-2620 017316

SOUTH SIDE- Lg 2 bedrooms, utilities paid, no pets278-4415 043760

TATES CREEK - Pets accepted. 2-3 BR, 2.5 BA, 2.5 car garage, $895-$985. 271-1114 027174

2 BR Nicholasville. 885-3111. 025921

568 Duplexes/ Fourplexes for Rent

ALEXANDRIA DR.- 2 BR, no pets, $410 + deposit. 223-2543 004730

HUGE 3-4BR with low bills, fenced yard, must see! 2081 Cambridge, $595 887-0789 059631

LINDENHURST, 2 BR, $525 + deposit. Call 269-1107. 064395

NORTH-2104 MIMI Ct. 2 BR. Rent $400/ Deposit $300. You pay utilities. Lease. No pets. Washer/dryer hookup. 255-9548. 078632

RADCLIFFE Rd, 2 BR, Ready 6/1, $425, $400 deposit (606)744-6143 072578

TISHOFF CT. Lg. 3BR, 2.5BA, garage, no pets, $895, 266-8163 014121

126 SO. Hanover 3 BR, a/c, furnished kitchen, carpet, 2nd floor. $800 + utilities. 266-2887 or 288-4567 053772

131 HALLS LN. 2 BR, $410 a month, + deposit, + lease. (606)223-6472. 092012

2 BR, 1 BA, hookups, fireplace, fenced yard, $200 deposit, $425/mo. 263-2942 035731

3 BR, 2 full BA, garage, East Hills area, $815. $700 deposit 233-0340 076899

3805 SUGAR Creek, 2BR, 2BA, fireplace, garage $715/mo. 268-8586 or 269-4741 089830

611 BUCKINGHAM (Stonewall) 3 BR, 2 BA, family room, garage, no pets. $850/mo. 223-1730 057875

400 Tools

CRAFTSMAN Router/ Shaper $199. Harrodsburg Rd. Services provided. Peg at 278-5700. 022317

SOUTH, 1 room, $150 utilities paid 273-2233 013968

SOUTH, 2 rooms, $375, utilities paid, newly decorated. 277-9727 011342

230 PLAZA DR. Off Southland. Room in busy salon. Ideal for Masseuse. 233-9196. 127042

2891 RICHMOND Rd, $650-$750 269-3391 039807

3 ROOM office suite, 625 sq ft, unit 203A at 274 Southland Dr. Ample Parking. Zoned P-1 1 yr lease $450/mo plus Security Deposit 277-1353 097000

580 Vacation Rentals

MYRTLE BEACH Ocean Front Condos Discounts-$49-$89-up Free Brochure SR INC. 1-800-777-9411 054658

584 Rentals to Share

RESPONSIBLE PERSON to share 1200 sq.ft. Great view & location 269-6406. 062690

2 BR apt Furnished, until Aug. Many amenities. $307 mo (606)271-6872. 041073

586 Rooms for Rent

NEAR UK, $65-$70/wk Deposit. 269-2834 037487

NICE SAFE home. All amenities. 254-4146. 045153

ROOMS FOR rent, 185 East Maxwell, 254-4869 018030

592 Warehouse/ Storage

MONTH'S FREE Rent. 2000', South 245-2773 038834

OVER DR. 10,000 sf climate controlled warehouse, 2000 sf office, $4/sqft. 255-8552, 223-2020 065099

412 Other Merchandise

GARNET TOYOTA place, 2 yrs, $166,500 224-0130. 071978

PALOMAR, 4 BR, 2.5 BA, approx. 2700 sq.ft., upgrades, $209,000. 223-5965 078426

2 STORY, 4BR, 2.5 BA, living room, family room, dining room/ nook, laundry room, many extras, $187,500 263-2558. 027280

3BR FRAME 1.5BA, completely remodeled, lg. workshop/ garage. Frankfort (502)875-4808. 018233

614 Condos & Townhouses

CORNER LOT in Griffin Gate, beautiful 4 BR and 3½ BA, 3 levels with walkout basement, two master suites, two fireplaces, custom finishes. $239,900. Bill Bell 244-5617 or 226-6803, Justice Real Estate 255-3657. 122388

TATES CREEK area, quiet neighborhood, 3 BR, 3.5 BA, 1 car garage. Possible owner financing. $120,000. Dailey Homes 221-3942. 111813

550 DARBY Creek, 2 BR, 1.5 BA, new carpet, all appliances, $59,900. 264-0083 097682

616 Farms for Sale

AUTHENTIC LOG Home, 9+/- acres, barn, pool, 20 min. to New Circle Rd., lots of trees, $180's. Don Swain, Believe It Realty, 533-4566 062980

BETHLEHEM ROAD- 50 +/- building site, mature trees and great location. Additional acreage available. $300,000. Justice Real Estate 255-3657. 122621

PARIS PIKE, 15+ acres, estate home with 6300 sq.ft. excellent condition, 13 stall barn, employee house and mature trees. $775,000. Justice Real Estate 255-3657. 122465

412 Other Merchandise

PALLET BACKS TO Park in Brighton Woods. Huge 2 story 4BR, 2.5BA, 2 car. Better than new! $163,000. Marc Graviss Re-MaxGroup1 223-7612 084841

CHARMING BRICK 1.5 story, full basement, 2 car garage, quiet street, corner lot. New listing! $62,500. Rich 254-9300, Lincoln Real Estate 273-2222 til 9pm 123328

FAIRWAYS. GOLF course & lake community on Richmond Rd. 1st Floor master. Former Model home. Open & airy. Fireplace. Walk-out finished basement. Only $175,000. Chuck 275-3880 RE/MAX All Star Realty 131074

LIBERTY HILL Woods in back. 4 yr old 2-story 4 BR, 2½BA, 2 car, better than new. $129,900. Larry Robinson 221-9965
RE/MAX Creative 111500

RANCH NEAR I-75, Nearly new, many extras, 3 BR, 2 BA. Don't Miss. $102,000 Don Swain Believe It Realty 533-4566. 081697

RARE FIND! 2000 sq.ft ranch on quiet court, 3/2, 2 car, lg yard, better than new! $120,000. Marc Graviss, ReMax Group1 223-7612 084828

256 SHORESIDE $125,000 Sierra plan. One yr. new! Upgrades! Connie 293-8876
RE/MAX Creative 110980

classifieds
LEXINGTON HERALD-LEADER
To place a listing, call 233-7878 or toll free 1-800-933-7355

412 Other Merchandise

PALLET
Donna Ackiss 269-4279

208 PLEASANT POINT DR.- Lakeview/Mt. Tabor, Ranch with vaulted greatroom, Cozy Fireplace. Covered Front porch. Storage Galore. RE/MAX All Star Realty 224-7827 Hendricks/Silvestri 110208

269 KENLOCK DR Open Sun. 5/23 Off Tiverton Way in Devondale, 3 BR, 1 BA with fenced yard & covered patio. This is a great buy at this price! $89,900 L. Lamar Hight 276-1981 After hr. 275-3857 The Hight Company 085482

4107 BAFFIN BAY Road $99,500 3 BR, 2 BA. Fresh paint. Large Garage. Great master. Great yard. Hendricks/Silvestri Team 224-7827 RE/MAX All Star Realty 110048

$99,900 4 BR, 2 BA, 2000 sq.ft. corner lot, large deck, one car garage, nice lot. Call Bryan Cissell RE/ MAX Triple Crown 293-9171 132088

630 Area 4 Located Between Nicholasville & Leestown Rd.

COPPERFIELD AREA, 4 BR, 2 story, huge corner yard, better than new, 2.5 BA, $159,000. Marc Graviss, ReMax Group1 223-7612 084613

LA ROCHELLE Holiday Hills ranch 3 BR, 2 BA, family room. Versailles Rd. area $85,000 Jim Broadwater 273-6565
RE/MAX Creative 067886

4112 PALMETTO Drive $199,500 4 BR, 2 story. Great floor plan. Open & airy. Fireplace. Built-in book case. Screened porch. Hendricks/ Silvestri Team 224-7827 RE/MAX All Star Realty 109897

and people securing custody of children under 18. This newspaper will not knowingly accept any advertising for real estate which is in violation of the law. Our readers are hereby informed that all dwellings advertised in this newspaper are available on an equal opportunity bases. To complain of discrimination call HUD toll-free at 1-800-669-9777. The toll-free telephone number for the hearing impaired is 1-800-927-9275.
EQUAL HOUSING OPPORTUNITY 122070

FIRST SHOWING! 2 years New! 3 BR/ 2 BA/ 2 car garage. Hurry! $94,900. Mike Gooch 294-2093.
Semonin 036860

GENTLEMAN FARM, 2600 renovated home 20 acres & barn. Reduced $10,000, priced to sell. $340,000. Rich 254-9300 Lincoln RE 273-2222 013566

TWO +/- acres. 1700 sq.ft. home. 3 car carport, 2 car garage. $139,900. Joyce 338-8391/Joy 396-6830. Signature Realty. 037835

4BR, 2BA, brick, 2950 sq.ft., fireplace, 4 car garage, storage building, large lot, private. North Mercer Co. near BG Parkway $121,500. Call 606-865-2701 or 606-734-3993 011234

646 Herrington Lake

COZY LAKE Cottage, 1 BR, 1 BA, eat-in kitchen, great view, immediate possession, asking $49,900. Becky Murphy, (606) 277-6195 or 223-4713. Charlie Murphy Real Estate 122079

LAKEFRONT RANCH, 5 BR, dock, $134,900. Signature Realty 269-3666. 122225

OWNERS: Need extra cash? Lower payments? Debt consolidation? Call us at Green Tree today! Applications by phone are free and fast! Call: 1-800-221-8204 063847

EXCELLENT 16x80 3 BR, 2 BA, Nice park, under $19K 737-4776 015465

LAKE FRONT Mobile Home. Lots of extras. Ideal Getaway property. Asking 65K! Pager 258-0630 065903

SINGLE SECTION Home. Within 25 min from Lexington. Call Pager 258-0630 066059

14X70 MUST SELL! (606)887-0820. 039101

678 Resorts/Camps for Sale

1 WEEK Timeshare condo, Orlando FL., flex time, 873-7779 or 873-1818. 093787

682 Real Estate Wanted

FAST CASH!
I BUY HOUSES
Stop foreclosure? Divorce? Need money? Any condition! Any price! CONTRACTS on the Spot. Call Tim 606-255-3731 24 hrs. 068410

LINCOLN Real Estate 255-7777 or 221-2222 032771

WILL PAY cash for homes. 885-1750 094381

556 Legals

INVITATION TO BID

NOTICE is hereby given by the Lexington-Fayette Urban County Government that bids will be received in the Office of the Director of Central Purchasing, 200 East Main Street, Lexington, Kentucky for:

Invitation to Bid:

NOTICE

Notice is hereby given that Delta Natural Gas Company, Inc. ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental Alternative Regulation Plan.

The proposed Alternative Regulation Plan would establish on an experimental basis for a period of three years a process for ensuring that Delta is not over or under earning with respect to its gas utility operations. Subject to certain performance constraints, the experimental Alternative Regulation Plan could result in charges or credits during the three-year period to bring Delta's earnings within the range established by the Public Service Commission.

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The matters set forth above are those matters proposed by Delta. However, the Public Service Commission may issue an order or orders that differ from the foregoing proposals.

Notice is further given that any corporation, association, body politic pr person with a substantial interest in the matter may request to intervene by motion within 30 days after notice of the foregoing proposed action is given; intervention may be granted beyond the thirty (30) day period for good cause shown. The motion shall be submitted to the Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request, including the status and interest of the party. Any person who has been granted intervention may obtain copies of Delta's application and testimony by contacting John F. Hall, Delta Natural Gas Company, Inc., at the address and telephone number show below. A copy of the application and testimony shall be available for public inspection at the offices of Delta or the Public Service Commission at the addresses and telephone numbers shown below.

Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40319
606-744-6171

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
502-564-3940

AFFIDAVIT OF PUBLICATION

I, Melissa Walker, Editor of the Manchester Enterprise, paper of general circulation, printed and published at Manchester, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Manchester Enterprise on the following date: May 27, 1999.

Melissa Walker
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 24 day of June, 1999.
My Commission expires: 8-22-2002.

Melissa Walker
Notary Public

CLASSIFIEDS/LEGAL NOTICES

NOTICE OF
INTENTION TO MINE
PURSUANT TO APPLICATION NUMBER 826-5043, MAJOR REVISION #2

In accordance with KRS 350.070, notice is hereby given that COBRA COAL COMPANY, P.O. Box 889, Gray, Kentucky 40734, has applied for a Major Revision to an existing surface coal mining and reclamation operation located 0.5 miles north of Garrard in Clay County. The Major Revision will not add or delete surface or underlying disturbance to existing permit area of 133.80 acres.

The proposed Major Revision area is approximately 0.6 miles southeast from Kentucky 11's junction with Kentucky 80 and is located 0.40 miles southeast of Sky Airport. The latitude is 37-07-02 and the longitude is 83-44-49.

The proposed Major Revision is located on the Ogle and Hima U.S.G.S. 7 1/2 minute quadrangle map. The surface area affected by this revision is owned by Teddy Smith, etal, Smith Heirs, etal, this revision does not affect any mineral owners or overlying areas located in the area of the underground mining area. All underground mining has been completed and NO further underground mining is proposed. The underlying mineral owners:

Joe Creech Heirs, Smith Heirs, Ethel Bowling etal, Sam Brumley, Patricia Spurlock, Eversole, Joyce Hensley, Roger Sizemore, Stanley Gray, William Gray, Jimmy Carnes, Willie Smith, Thomas Downey, Lewis Sizemore, Arnold Henson, Duayne Sizemore, Allie and Lynn Stewart, George Gibson, Charles Henson, Vernon Wagers, Elvie Wagers, Logan Henson, Blair Heirs, Rosio Sizemore, Dan Marion, Edith Harris, Alex Smith, Bev Smith, Bill Carr, Oscar and Virginia Sizemore, Susan Hensley, Ben Smith, Fannie Smith, Leeco, Inc. and White Heirs.

The major revision is being submitted to take an existing single bonded area and divide the area into five different increments. This major revision also proposes to change the current postmining land use of to portions of Fish and Wildlife and a portion to Industrial Commercial, due to the surface owners requests. No additional property will be effected by this Major Revision.

The Major Revision application has been filed for public inspection at the Department for Surface Mining Reclamation and Enforcement London Regional Office, 85 State Police Road, London, Kentucky 40741. Written comments, objections, or requests for a permit conference must be filed with the Director, Division of Permits, #2 Hudson Hollow, U.S. 127 South, Frankfort, Kentucky 40601.

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Any person who has been granted intervention may obtain copies of Delta's application and testimony by contacting John F. Hall, Delta Natural Gas Company, Inc., at the address and telephone number shown below. A copy of the application and testimony shall be available for public inspection at the offices of Delta or the Public Service Commission at the addresses and telephone numbers shown below.

Delta Natural Gas Company, Inc
3617 Lexington Road
Winchester, Kentucky 40319
606-744-6171
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602
502-564-3940.

HELP WANTED

Full-time, part-time apply at Colter's Diamond Center.

AFFIDAVIT OF PUBLICATION

I, Jeanie Johnson, ~~Editor~~ Bookkeeper of the Menifee County News, paper of general circulation, printed and published at Morehead, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Menifee County News on the following date: May 26, 1999.

Jeanie Johnson
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 26 day of May, 1999.
My Commission expires: 2/3/2002.

Chrisila M. Haley
Notary Public

rs

zed Cars
$500. Sport,
y, & Econ-
ars, Trucks,
Utility &
For current
s call 1-800-
48 Ext. 1183.

SHOP THE

140 Legal Notices

Notice

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Frankfort, Ky 40602
502-564-3940

Stockyard Report

Federal-State market News
Tuesday, May 18, 1999

Federal-State Market News Tuesday, May 18, New OK Stockyards, Maysville, KY, cattle receipts: 295: Total receipts for the week: 543: Cattle weighed at time of sale . (compared to last week) Slaughter Cows and bulls firm to 1. higher, feeder steers steady to 2. higher feeder heifers steady.

Slaughter cows: Boners 80-85 % lean, 1025-1570 lbs. weight and 38.-42. price, 43.-45. high dressing. Lean 85-90% lean, 960-1050 lbs. weight and 36.-38. price. Lean 85-90% lean, 680-1025 lbs. weight and 32.-36. price.

Slaughter bulls: individual yield grade 1 1585 lbs. indicating 82 carcass boning percent 52.25, yield grade 1-2 1020-1955 lbs. indicating 77-79 percent 44.-48.25.

Fedder steers: medium & large frame #1 300-4— lbs. 90.-96., 400-500 lbs. 81.72-92., 500-550 lbs. 76.75-84., 600-700 lbs. 67.-71., couple 743 lbs. 65., small frame #1 400-500 lbs. 75.-83.50, 500-600 lbs. 68.-75., medium & large frame #2 375-500 lbs. 75.-82., 500-600 lbs. 69.-75., large frame #2 (Holsteins) 500-600 lbs. 56.-62., includes 11 head 506 lbs. 62., 600-700 lbs. 56.61.50, includes 3 head 688 lbs. 61.50, medium & large frame #1 (bull calves) 350-465 lbs. 83.50-91., 500-600 lbs. 70.-76.50.

Fedder heifers: medium & large frame #1 345-500 lbs. 73.75-76.50, 500-600 lbs. 71.50-75., includes 13 head 512 lbs. 72.85, few 600-720 lbs. 62.50-69., small frame #1 350-500 lbs. 69.-75., 68.-72.50, 500-625 lbs. 61.-68.

Baby Calves: 32.50-110. per head.

KDA awards grant for family farm

The Kentucky Department of Agriculture has awarded a $200,000 grant to Partners for Family Farms for the development of processing and direct

Partners for Family Farms is a non-profit organization that seeks to preserve farm life and farmland.

Grant monies will be used to

for Partners for Family Farms. "However, access to USDA-inspected processing facilities has been a limiting factor."

The group is looking for a

AFFIDAVIT OF PUBLICATION

I, Pat Cheek, Advertising Director, ~~Editor~~ of the Middlesboro Daily News, paper of general circulation, printed and published at Middlesboro, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Middlesboro Daily News on the following date: May 25, 1999.

Pat Cheek

Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 25 day of May, 1999.
My Commission expires: 3-14-02.

Mary Katherine Gordon

Notary Public

CLASSIFIED ADS We Get Results PHONE 248-101

080 Public Notices

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3617 Lexington Road	730 Schenkel Lane
Winchester, KY 40319	P.O. Box 615
606-744-6171	Frankfort, KY 40602
	504-564-3940

NOTICE

Community Trust Bank of Middlesboro, Kentucky formerly Commercial Bank of Middlesboro, will offer for cash to the highest bidder a Advance Convertamatic 20013 Floor Scrubber serial # 1153642 and a Clarke hi-speed floor buffer 2000RPM serial # QG1062.

080 Public Notices

read aloud.
Copies of the bid documents will be available at Central Office Building, 220 North 20th Street, Middl boro, Kentucky.
Bids received after the scheduled closing time for rec of bids will be returned unopened to the bidder.
The Board of Education reserves the right to reject or all bids and to waive formalities.
Darryl Wilder, Superintendent
Middlesboro Independent Schools

INVITATION FOR BIDS

The Middlesboro Board of Education will receive sea bids for maintenance and repair os school buses fleet vehicles until 11:00 a.m. eastern daylight savi time on the 8th day of June 1999, in the Board Roon Central Office Building, 220 North 20th Street, Midd boro, Kentucky, at which time and place all bids will publicly opened and read aloud.
Copies of the bid documents will be available at Central Office Building, 220 North 20th Street, Midd boro, Kentucky.
Bids received after the scheduled closing time for rec of bids will be returned unopened to the bidder.
The Board of Education reserves the right to reject or all bids and to waive formalities.
Darryl Wilder, Superintendent
Middlesboro Independent Schools

170 Bulletin Board

GOSPEL SINGING
May 29th, 7pm
Northside Baptist Church
Featuring: Hensley Chapel Choir, Old Friends, Lighthouse Singers & more.

REVIVAL
Faith Baptist Church, behind Honda Shop. May 23 till ? 7 p.m. nightly. Special preaching & singing by Kennon Roark from Barbourville. Everyone welcome.

REVIVAL
Middlesboro Pentecostal Church, Thurs. 20th - ?
Services 7pm
Preacher: Rev. Carl Jones
Everyone welcome!

SINGING
Mt. Gilead Baptist Church will have their regular 5th Saturday night singing May 29th, 7pm. Little Creek Baptist Church will be guest singers along with others. All singers & everyone welcome. Rev. Tony Massengill, Pastor.

200 Help Wanted

OTR - Truck drivers needed. Must have clean MVR & CDL's. 3 yrs exp. Home most weekends. Apply in person at City Service behind Krogers.

Part time cook, daytime hours. Minimum requirement

200 Help Wanted

Hiring over the drivers/owner oper Home weekly. Apply by p (423)869-9108 or in pers O Walker, Hwy 63, next t well Valley Co-op. 8am-5

Laurel Manor Health Ca looking for RN availab work part-time, any shift. terested apply in perso phone calls. LMHCF i EOE.

Looking for an auton painter, 10 years experi salary negotiable. (606)573-9234, 8am-6pm

Needed over the road driver. Please call 606 5009 or 606-337-2687. 4pm, Mon - Fri.

OBER GATLINBUR
Gatlinburg, TN - All Sea Premier Attraction will conducting a job fair Tuesday, May 25th 9am - 4:30pm at the Inn Hotel located off o East at 1252 North Street. Interviews for round or seasonal posit will be conducted. Disc meals, employee be package, periodic rev and reasonably p housing available in employee center. **EOE**

300 Instruction/

AFFIDAVIT OF PUBLICATION

I, Jeanie Johnson, ~~Editor~~ Bookkeeper of the Morehead News, paper of general circulation, printed and published at Morehead, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Morehead News on the following date: May 25, 1999.

Jeanie Johnson
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 25 day of May, 1999.
My Commission expires: 2/3/2002.

Chenila M. Fraley
Notary Public

CLASSIFIEDS 606-784-6868

12 Homes For Rent

2-Bedroom
ouse for rent in wn. No pets. own by ap- intment 784-52.

3 Bedroom
me for rent 00/plus utilities 0-4848.

3 BR House
town, carport, A, stove/ref. son way 606-784-94.

Bedroom Brick
ick house with rport located ar Cave Run ke. Across from Old Out Post ilding. Open ne 1, 1999 876-09.

ouse For Rent
bedroom home. th fenced back d. Close to town d in nice neigh- hood. Call 784-2.

Small 1 BR
use completely nished. 784-3.

Small 2 BDR
sher/dryer k-up. 1/2 acre 1 1/2 miles m Guardian. an no pets, 50/month plus ities 783-1769.

ree bedroom
se . Sharkey a. Call 780-0159.

Miscellaneous For Rent

1 Bedroom
iler with deck. se to town. Call -4322.

Mobile Homes For Rent

-3 Bedroom
bile Home for 780-4848.

120 Business Services

Painting
Inside and out. Roofing, drywall, gutter repair. Free estimates 784-3841.

Septic Systems
Erosion control, Dozer, Dump truck Backhoe & Concrete work, Basements. 784-2613

Septic Systems
Erosion control, Dozer, Dump truck Backhoe & Concrete work, Basements. 784-2613

121 Church Services

UNITED Pentecostal Church
North Tolliver, Wed., Sat., and Sun., 7 p.m. Sunday School 10 a.m. Founder and Pastor Lloyd Dean, 784-9145. Established March 1, 1959.

122 Child Care

Are You
Watching children in your own home? If you are licensed, certified or an enrolled provider, we can help you with the Kentucky Child Care Food Program. You can be reimbursed up to $3.04 per day per child for the food you may already be serving. Call us: 1-800-624-4531 Ashland Child Development Center for more information.

123 Schooling/ Training

Earn A Legal
College degree quickly, Bachelors, Masters, Doctor-

ENROLL NOW!
Tri-State Beauty Academy in Morehead, Ky. is accepting enrollment for Cosmetology. Financial aid available. Dislocated worker? Call 784-6725.

132 Campers And Accessories

For Sale
Travel Trailer 31 by 8ft. Full self contained. 780-9833.

133 Cars

Cars
$100-$500 & up. Police impounds, Hondas, Chevys' Jeeps and Sport utility! Good condition! Call now! 1-800-772-7470 Ext. 7832. CAN

Cars From $500
Police impounds, repos & tax seizures. For listings Call Now! 1-800-319-3323 x2156. CAN

Honda's From $500
Police impound, and tax repos. Call 800-319-3323 ext. 4224.

Hondas
$100, $500 & up. Police Impounds. Honda's Toyota's, Chevy's, Jeeps, and Sport utilities. Call now! 800-722-7470 Ext. 6332. CAN

Seized Cars
From $500. Sport, Luxury, & Economy Cars, Trucks, 4x4's Utility & more. For current listings call 1-800-311-5048 Ext. 1183. CAN

134 Trucks

For Sale
'94 Ford Ranger Splash. V-6 auto 70,000 mi. Black

140 Legal Notices

I Betty J. Jones, formally of 120 Sprue Street, Morehead, Ky 40351. Will not be responsible for any debts other than my own as of May 18, 1999.

140 Legal Notices

I Charles A. Johnson of 2605 Greenbeld Road, Morehead, KY 40351. Will not be responsible for any debts other than my own as of May 19, 1999.

140 Legal Notices

I Ella Kay Click Lewis, 1232 Redwine Rd, West Liberty, KY 41472. Will not be responsible for any debts other than my own as of May 17, 1999.

140 Legal Notices

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Continued

140 Legal Notices

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Winchester, Ky 40319
606-744-6171
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Ky 40602
502-564-3940

AFFIDAVIT OF PUBLICATION

I, Glen Greene, ~~Editor~~ Publisher of the Mt. Sterling Advocate, paper of general circulation, printed and published at Mt. Sterling, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Mt. Sterling Advocate on the following date: May 27, 1999.

Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 26th day of May, 1999.
My Commission expires: 9-19-99.

Donna M. Imbrogno
Notary Public

Classifieds

1 LEGAL NOTICES

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
NOTICE TO CONTRACTORS

Sealed bids will be received by the Department of Highways in the Division of Contract Procurement and/or the Auditorium located on the 1st Floor of the State Office Building *Frankfort, Kentucky, until* 10:00 A.M., EASTERN DAYLIGHT TIME on the 18 day of JUNE, 1999 at which time bids will be publicly opened and read for the improvement of:

MONTGOMERY-POWELL COUNTIES, FD04 099 0213 010-013, FD04 087 0213 000-001: The Stanton-Mount Sterling Road (KY 213) from 1.000 mile north of Paint Creek Road to 0.800 *mile north of the Montgomery* County Line, a distance of 2.700 kilometer. Grade, Drain, and Asphalt Surface.

FE04 121 DW99 0000088: Waterborne paint striping on various routes in Anderson, Bourbon, Boyle, Clark, Fayette, Garrard, Jessamine, Madison, Mercer, Montgomery, Scott, and Woodford Counties (District 7), a dis*tance of 1,288 miles.*

Bid proposals for all projects will be available until 9:00 A.M., EASTERN DAYLIGHT TIME, FRIDAY, JUNE 18, 1999, at the Division of Contract Procurement. Bid proposals for all projects will be available at a cost of $10 each and remittance payable to the State Treasurer of Kentucky must accompany request for proposals (NON-REFUNDABLE). BID PROPOSALS ARE ISSUED ONLY TO PREQUALIFIED CONTRACTORS.

Specimen proposals for all projects will be available to all interested parties at a cost of $10 each (NON-REFUNDABLE). Specimen proposals cannot be used for bidding.

Hobert Owens, Jr. dba Choices, mailing address 318 E. Locust St., Mt. Sterling, KY 40353 hereby declares his intention to apply for a retail beer license no later than July 1, 1999. The business to be licensed will be located at 318 E. Locust St., Mt. Ster*ling, KY 40353 doing business as* Choices. The owner(s) are as follows. Owner, Hobert Owens, Jr. of 222 Tenny Ave., Mt. Sterling, KY 40353.

Any person, association, corporation, or body politic may protest the grant*ing of the license(s) by writing the* Department of Alcoholic Beverage Control, 1003 Twilight Tr. A-2, Frankfort, KY 40601, within 30 days of the date of this legal publication.

1 LEGAL NOTICES

In compliance with KRS355 the Mount Sterling National Bank will sell *for cash or personal check at Back's* Auto Auction, 1281 Winchester Road, Mt. Sterling, Montgomery County, Kentucky, Saturday, June 5, 1999 at 6:00 p.m. a 1990 Chevrolet Blazer vehicle identification number 1GNCT18Z0L8124358. For further information on this vehicle call 498-3800.

INVITATION TO BID

Bids will be received in the Office of the Superintendent, Montgomery County Board of Education, 212 North Maysville Street, Mt. Sterling, Kentucky 40353, to furnish the following items for the Montgomery County Schools.

Bid No. 1999-00-15

Item(s) Materials and Labor for Construction of Livestock Barn

All bids must be sealed and clearly marked as Montgomery County Schools Bid with the appropriate bid number and item concerned and received in the Office of the Superintendent no later than 11:00 a.m., Thursday, June 3, 1999.

The Board of Education reserves the *right to waive defects and informalities* in bids, and/or to reject any or all proposals as may be deemed to its interest, and to award by item, combination of items, or lot.

Bid forms and/or specifications are available at the Agriculture Department of Montgomery County High School by contacting Joe Myers at 497-8731.

INVITATION TO BID

The City of Mount Sterling will be accepting bids for the finishing of the Park Wall on Main Street. Bids will be accepted until June 4, 1999, at 1:00 p.m., at which time the bids will be opened at City Hall. Specifications may be obtained at City Hall, 33 *N. Maysville Street,* Mount Sterling, Kentucky.

Montgomery County Fire Department District 1 is requesting sealed bids on a 10 horsepower single phase breathing air *compressor and fill sta*tion. Specification can be picked up at Central Fire Station, 805 Indian *Mound Drive,* Mt. Sterling, Kentucky. Bids will be opened June 6, 1999 at 12:00 noon. The Montgomery County Fire Board reserves the right to reject any and all bids.

1 LEGAL NOTICES

The Montgomery County Fiscal Court held the second reading and adoption of an ordinance relating to PORNOGRAPHIC MATERIAL on May 18, 1999.

SUMMARY: This ordinance requires that all pornographic material, which *has not already been defined as ille*gal by law, be enclosed in plain wrappers or securely placed out of the accessible viewing of minors.

A copy of the adopted ordinance with full text is available for public inspection in the office of the County Judge Executive during normal business hours.

The Montgomery County Fiscal Court held the second reading and adoption of an ordinance relating to the creation of a commission to be *known as the Mt. Sterling-Montgom*ery County Tourist and Convention Commission.

SUMMARY: This ordinance defines the composition and terms for this board.

A copy of the adopted ordinance with full text is available for public inspection in the office of the County Judge Executive durin, normal business *hours.*

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1 LEGAL NOTICES

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1 LEGAL NOTICES

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1 LEGAL NOTICES

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Winchester, KY 40319
606-744-6171
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
502-564-3940

2 SPECIAL NOTICES

FOSTER PARENTS WANTED
• Full or Part-time
• Single or Married
• Support and Compensation Provided

Lexington Area (606) 367-3648
or toll-free 888-798-9278
KY Foster Care Collaborative

"HOME INTERIORS & GIFTS"
Lynne Carmichael
Independent Contractor
606-263-3839
1-800-774-1201 (access code 00)
Candlelight Shows, Traditional Shows, Walk-In Shows, Brochure Sales, Personal Appointments for Home and Business. Also, our "Candles in a Jar" make an excellent Fund Raiser for Schools, Band, Sports, Cheerleading, Church and Civic Organizations.

4 PERSONALS

"GET MARRIED" Smoky Mountains, areas most beautiful chapels, ordained ministers, complete arrangements, honeymoon/family cabins, breathtaking views. Wedding arrangements, 800-893-7274, vacation lodging 800-634-5814.

A BEAUTIFUL CANDLELIT old fashioned wedding chapel overlooking river, Smoky Mountains, TN. Horse drawn carriage, cabins, jacuzzi, ordained ministers, no tests. Heartland, 800-448-8697 (VOWS). http://www.heartlandwedding.com

WEDDING BELLS IN the Smokies - a unique wedding chapel offering everything for less. Special offer: ceremony, pictures, video, flowers, $120. Giveaways call 800-822-2052

8 BUSINESS SERVICES

MARTIN CONSTRUCTION
• ROOFING, including rubber systems on flats, shingles (tear-offs and re-roofs), flashing and leak repair, guttering and downspouts
• CARPENTRY • MASONRY
• VINYL SIDING
All Work Guaranteed
Free Estimates • Insured
(606) 498-3651

Why Pay Retail??
Front Doors
Are Our Specialty!
Factory Direct Pre-Hung Exterior Door Units At Super Discounts!
STEEL • FIBERGLASS
MAHOGANY • TEAK
Bring a Truck!!

6 Panel Steel $75
9 Lite Steel $119
6 Panel Fiberglass.....$149
5' Steel Patio.....$275
3' Oak..... .....$395

REGENCY DOOR OUTLET
Tues.-Fri. 9:30 AM to 6 PM
Saturday 10 AM to 5 PM
Sun. and Mon.: Closed
2519 Regency Rd
Lexington, KY
Toll Free
1-877-244-3647
Jim Calhoun, Owner/Manager

TEMPSTAR
Heating and Cooling Products
Roy Miller, Jr.
HEATING & AIR CONDITIONING SERVICE
Geothermal Earth Heat Pumps
— *Furnace Replacements* —
Experienced Installation and Service
Free Estimates
Phone
606-674-6855
or 606-674-2945
MO3619

Smith Brothers Paving
160 Roberts Road, Stanton, KY 40380

8 BUSINESS SERVICES

'C' THE DECK DOCTOR
Treating new decks to prevent cracking and warping.
Cleaning vinyl siding, fences and patios.
Removing black root fungus.
Free Demo • Free Estimate
498-1881

CREDIT CARD BILLS! *Free *Free *Free! One low payment pays your bills! Cut interest/harassment! Eight years in business! NACCS 1-800-881-5353, ext. #111 (not a loan company)

D&B ROOFING - new and old roofs. Free estimates, insurance, licensed. All types of roofing work and flashing done. 497-9605

DAVE'S TREE AND Shrub Trimming Services. Free estimates. 606-768-3509

DECKS BUILT TO meet your needs. Call for free estimate, 498-9017.

DID YOU KNOW all satellite dishes are not the same? Call 744-8993 for information on the best price and the most channels.

FARM MOWING
BRASHEAR'S
FARM MOWING SERVICE
Reasonable Rates
Call or leave message,
James Brashear,
606-768-6588.

FREE MORTGAGE ANALYSIS! Bill consolidation, home improvements, cash out, refinance, land contract payoffs, credit problems. No cost to prequalify. Call Jennifer Baumer at Guardian Mortgage, 877-339-9903.

HANDY RENTALS - portable restrooms, rental and service. Call 1-888-858-6300.

IT'S FIX UP TIME!
We do sun decks, porches, garages. Call Vinson Construction, 498-0905 or 498-4829.

J&E POWERWASH
Mobile Homes
Vinyl Homes
Driveways and Decks

8 BUSINESS SERVICES

REFINANCE FAST! OVER the phone! Need second chance? Credit problems, bankruptcy, foreclosures, OK! Starting under 7%, APR 8.973. Platinum Capital. Nationwide lender. 800-699-LEND. www.platinumcapital.com

RUSSELL BACKHOE AND Dump-truck - All types of work. Septic systems. Water lines. Insured. Call Randy Russell 606-362-4106 or toll free 1-888-634-6097.

STAMPER'S PLUMBING
& Remodeling. 24 hour service. Master license #5714. 745-5977

THE ALTERATION SHOP will do alterations at 26 West Locust Street. Phone 498-1588.

VACUUM REPAIRS - Electrolux, Kirby, Rainbow, Hoover, Eureka. Bags & belts. Pick up & delivery. 498-6781

VANCE MASONRY BLOCK & BRICK - Any type, underpinning, basements, foundations, brick homes, etc. Gary 606-662-9652 or Anthony 725-5652 after 6:00 p.m.

WHEN THE BANK says no, call us. Consolidate debt, 100% and 125% loans, purchase and refinance, turned down elsewhere? Little or no equity. Loans for all credit. Midwest National Mortgage Banc. Inc., call toll free, 888-548-8308. HUD license #72840-00005, HUD license #11501-00003.

10 BUSINESS OPPORTUNITIES

DATA ENTRY ON your PC: legal judgment notices. $2000-$4000 monthly potential. Part time/full time. Reply to AVI, 7231 Boulder Ave., Box 105, Highland, CA 92346 www.aviathome.com

MOM'S REPLACE YOUR current income and stay home with your family. Call now for free information, 1-800-678-9196, ext. 3051.

OWN YOUR OWN apparel, shoe, westernwear, lingerie, bridal, gift or $1.00 store. Includes inventory, fixtures, buying trip, training. Minimum investment $18,900. Call Liberty Opportunities, 501-327-8031.

Pre-Paid Legal Services, Inc. is expanding in your area. Salesperson's dream!! National company offering a service everyone needs and can afford. Competitive commissions with renewal income potential. Training provided. Call Phil Madrid, Independent Associate toll free at 1-888-773-5425 or local 606-499-0339 for full details.

11 CHILD CARE

CHILD CARE, YOUR home weekdays. 3 years experience daycare, CPR and first aid certified. 497-0835

LOOKING FOR MATURE non-smoker to babysit toddler in my home three days per week. Great pay, good hours. Must have references. If interested please call after 6 PM, 498-8190.

NEED A BABYSITTER in my home, three days a week, 8:30-5:30, 5 & 4 year old. References a must. Call Melanie Hall, 498-0536 or 498-1414.

NOTE TO PARENTS: Kentucky State Law requires licensing for child care facilities providing care for four or more children not related to the licensee by blood, marriage or adoption

12 HELP WANTED

$$ MEDICAL BILLING $$
Full/part time processors needed ASAP! No experience necessary. Home PC required. Up to $45K/year. 1-800-600-1844 #5513

****STARSEARCH****
Singers, bands, groups. All styles/ages. Major record label executives seeking new artist's. Coming to Lexington11. 901-427-2639/427-9514

Assemblers
TRADES PERSONNEL
To $15 Hour
Hiring 50+

CBS is currently hiring:
Lexington
• Mig/Tig Welders
• Ind Painters
• Machine Operators
• CNC Machine Operators
• Brake/Punch
• Electronic Assembly
• Maintenance
Georgetown
• Inj. Mold Operators
• Assembly
• MIG Welding
• Construction
Full Time Opportunities!
No Fees! Call CBS Today!

Lexington North	254-4011
Lexington Regional	245-9700
Georgetown	863-3100

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JOB FAIR
NESCO Service Company

Is seeking qualified employees for positions in Mt. Sterling, Winchester, and Lexington. We have

AFFIDAVIT OF PUBLICATION

I, Pam King, Editor of the Richmond Register, paper of general circulation, printed and published at Richmond, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Richmond Register on the following date: May 25, 1999.

Pam King
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 4 day of June, 1999.
My Commission expires: 2-13-2001.

Notary Public

Federal appeal for Harper

by JAMES PRICHARD
Associated Press Writer

The Kentucky Department of Advocacy planned to appeal to the U.S. Supreme Court, if necessary, to prevent death-row inmate Edward Lee Harper Jr. from being executed as scheduled today.

Harper, 50, who would become the commonwealth's first condemned inmate to receive a lethal injection, was set to die at 7 p.m. CDT at the Kentucky State Penitentiary in Eddyville.

A federal appeals court on Monday denied a request by two public defenders seeking a stay of execution for Harper, who would prefer to waive his remaining appeals and be executed. Convicted of murdering his adoptive parents in Jefferson County in 1982, he has said that he'd rather die now than spend his remaining years behind bars.

Randy Wheeler and Susan Martin of the state Department of Public Advocacy had argued during a competency hearing last week that they believe he is mentally ill and shouldn't be allowed to make that decision.

U.S. District Judge Joseph McKinley in Louisville, however, disagreed and ruled Wednesday that

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with a march to the Governor's Mansion, where Patton planned to stay during the hours leading up to Harper's scheduled execution.

Amnesty International and the four Roman Catholic bishops who serve Kentucky all asked Patton last week to spare Harper's life.

UK Faculty memb opinion from atto

By THE ASSOCIATED PRESS

LEXINGTON — Members of the University of Kentucky's faculty governing board voted to ask the state attorney general whether proper procedures were followed in extending President Charles Wethington's contract.

Ten members of the Senate Council voted unanimously Monday to seek the opinion. At issue is whether the school's trustees acted properly when they met behind closed doors on May 4 to decide to extend Wethington's contract from 2001 to 2003.

"This will resolve whether or not that meeting met the standards of the open meeting statute," said Roy Moore, chair-

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AFFIDAVIT OF PUBLICATION

I, Willie Sawyers, Editor of the Sentinel Echo, paper of general circulation, printed and published at London, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Sentinel Echo on the following date: May 26, 1999.

Willie Sawyers
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 26 day of May, 1999.
My Commission expires: June 21, 1999.

Judy McCowan
Notary Public

V2K won't affect ...

Continued from Page B5

CAREGIVERS/SITTERS: Fulltime/partime caregivers. Bedridden elderly lady, light housework. Monday-Saturday, 7am till 4:30pm. No Sundays/No Holidays. Salary negotiable. Send resume to: Caregiver, PO Box 2741, London, KY 40743.

COURT ABSTRACTOR
Great opportunity to earn extra income, be your own boss, if you want to be your own boss, set your own hours and be identified with a national known corporation. Be a part time independent contractor gathering information on tax liens and judgments in surrounding counties. No investment on your part; pay based on your own productivity. Send resume to: 14000 Quail Springs Pkwy, Ste 4000, Oklahoma City, OK 73134 Attention Tiffany.

JOB OPPORTUNITY
The Sentinel Echo is now accepting applications for a route delivery position. Applicants must be honest, dependable and have a valid KY driver's license and excellent driving record. Apply in person at the Sentinel Echo office, 123 W. 5th Street, London, KY or call 878-7400 and ask for Earletta.

KIH Online, Kentucky's largest Internet Service Provider, is seeking applications for a Customer Service Manager. This position will be salary, plus benefits. To apply, please send resumes to: KIH Online, Attn: Office Manager, PO Box 1539, London, KY. 40743. Resumes can be e-mailed to sales@kih.net.

MECHANIC & Mechanic helper: Needed to repair and set up farm tractors and equipment. Must have farm background. Straight commission. Ingram Truck & Tractor 364-5114.

MEDICAL$$ billing: Full/part-time processors needed. ASAP! NO EXPERIENCE NECESSARY. Home PC required. Up to $45K-yr. 1-800-600-1844#5511.

PART-TIME data entry clerk is now available at the Cumberland River Comprehensive Care Center. Must have a high school diploma or GED, computer experience and be able to type 60 wpm. Please contact the Human Resource Office of Cumberland River Comprehensive Care Center, American Greeting Road, P.O. Box 568, Corbin, KY. 40702. Ph. (606)528-7010 or *FAX (606)528-5401. We* are an EOE.

POSITION available for bookkeeper. Must have experience in Accounts Payable and Accounts Receivable. Computer knowledge required. Call 877-1147 for appointment.

WANTED a high school or adult person to teach a 7 year old crafts. Call 864-8919

WHITE Mobile Homes is needing a full-time inventory clerk plus other duties. Starting at $6.00 per hour including insurance benefits and future 401K plan. Apply in person.

YMCA DAYCAMP
YMCA SUMMER EMPLOYMENT!!! June7-July 30. Job working with kids 6-12 in a summer day camp. Must be willing to actively participate with kids in all activities. Call 878-8333.

333 LEGAL

Paralegal needed for rapidly growing London law firm. Varied & challenging duties require a good working knowledge of civil procedure and commercial transactions. Degree in Paralegal Science required. Computer skills preferred, but not required. Compensation commensurate with skills and experience; competitive benefit package. Qualified applications should forward resume to: P.O. Box 490, London, Ky. 40743-0490.

Rapidly growing London law firm is seeking an attorney with a minimum of two years civil defense experience. Compensation commensurate with skills and experience; competitive benefit package. Qualified applications should forward resume to: P.O. Box 490, London, KY 40743-0490.

335 MEDICAL

Phlebotomist, RN, LPN, or MT. to do insurance physicals in the Laurel County area on a mobile basis. Must have at least three years blood draw experience. Part-time, schedule you own appointments, good fees paid. Call 606-245-1328.

337 SALES

C & H Rauch Jewelers in the London Shopping Center has an immediate opening for a regular part-time sales associate. Qualified applicants should possess good communication skills, a professional appearance and sales aptitude. Apply in person at 104 London Shopping Center. We offer a training program, flexible schedule, employee benefits, and competitive hourly wages. We are an Equal Opportunity Employer.

Champion Window & Enclosure Company, the Nation's 4th largest & fastest growing Home Improvement Company, is looking for quality home improvement sales people. We provide advertised leads. No telemarketing. We are manufacturers of our own windows and patio rooms.
*401k
*Health plan
75% company paid
Commission only
w/monthly bonus
*Great career opportunity
*We have increased the earnings of other home improvement sales people by 50-100%
Work for the best! Call Champion (606) 864-3939 or stop in 774 South Laurel Rd., London.

Experienced route salesperson needed. Competive pay based on experience. Benefits. Serious inquiries only. apply in person: Robinson Sausage Company, 701 Robinson Road, London, Ky. 606-864-2914.

338 SKILLED

Experienced commercial and industrial electricians needed. Call today 606-864-9065.

339 TRUCK DRIVERS

Dump Truck Drivers wanted. Good trucks, good pay, CDL required. Local hauls. Call 606-364-5101 or 606-527-9994. EOE.

Mixer Truck Drivers. Must have CDL. Apply in person to Thomas Concrete, South Main Street, next to UPS.

London trucking company now hiring truck drivers for long haul. Must have three years verifiable experience. For interview, call (606)878-6811.

Now hiring tri-Axle dump trucks. Regional hauls, out of Boonesboro, KY. Owners/Operators or Fleets. For information call 606-364-5424.

340 EMPLOYMENT WANTED

WILL do babysitting in *my home. Good clean* Christian home. Call 606-878-1912.

LEGALS

COMMONWEALTH OF KENTUCKY, 27TH JUDICIAL CIRCUIT, LAUREL CIRCUIT COURT, CIVIL ACTION NO. 99-CI-00104, DIVISION II
CUMBERLAND VALLEY NATIONAL BANK AND TRUST COMPANY, PLAINTIFF, VS. JAMES R. BREWER, and LAUREL COUNTY, KENTUCKY
NOTICE OF SALE
***

By virtue of the Judgment of Order of Sale of the Laurel Circuit Court granted on April 20,1999, in the above styled matter, for the sum of what it will bring to raise the principal amount of $153,703.21, together with charges, interest, and costs, I shall proceed to offer for sale at the courthouse door in the City of London, Laurel County, Kentucky to the highest bidder at public auction on Friday,May 28,1999, at the hour of 1:00 p.m., or thereabouts, for cash or Twenty percent (20%) down with Thirty (90) days to pay balance, the following described property, to wit:

BEING the same real property James R. Brewer and Gerri Brewer acquired from Maynard Brewer and Gladys Brewer, husband and wife, by deed dated July 7, 1992, of record in deed book 405, on page 416, records of the Laurel County Court Clerk's Office and being more particularly described as follows:

BEGINNING at an iron stake on Hwy 229, 110 feet from the Benny Pennington corner; Thence in a Southern direction 210 feet to an iron stake; Thence in a Western direction 282 feet to an iron stake; Thence in a Northern direction 210 feet to a stake; Thence in an Eastern direction 282 feet with Highway 229 to the beginning corner.

This property will be sold for cash or Twenty percent (20%) down with Thirty (30) days to pay balance at the option of the purchaser. Unless the purchaser so elects to pay cash, the purchaser of the property so sold shall give bond for the purchase price with good surety approved by the Master Commissioner making the sale, which bond shall be payable to the Master Commissioner and shall bear interest at the rate of Twelve percent (12%) per annum from the date thereof until paid. The bond shall have the full force and effect of the judgment, and should execution be issued thereon, no replevy shall be allowed. A lien shall exist and be retained by the Master Commissioner of the property sold under this judgment as security for the purchase money.

The purchaser shall be required to assume and pay all taxes or assessments upon the property for the current *tax year and all subse*quent years. All taxes or assessment upon the property for prior years shall be paid from the sale proceeds if properly claimed in writing and filed of record by the purchaser prior to payment of the purchase price.

Dated this the 7th day of May, 1999.

JAMES G. CONNAHAN, MASTER COMMISSIONER, LAUREL CIRCUIT COURT

NOTICE
***

Notice is hereby given that Delta Natural Gas Company, Inc. ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental Alternative Regulation Plan.

The proposed Alternative Regulation Plan would establish on an experimental basis for a period of three years a process for ensuring that Delta is not over or under earning with respect its gas utility operations. Subject to certain performance constraints, the experimental Alternative Regulation Plan could result in charges or credits during the three year period to bring Delta's earnings within the range established by the Public Service Commission.

The proposed Alternative Regulation Plan would consist of three components: (1) an Annual Adjustment Component, (2) an Actual Adjustment Factor, and (3) a Balancing Adjustment Factor. The Annual Adjustment Component would adjust rates for an upcoming fiscal year to bring Delta's rate of return on equity within the range found to fair, just and reasonable by *the Commission, sus*pect to certain performance constraints. The Actual Adjustment Factor and Balancing Adjustment Factor would perform true-up calculations to ensure that Delta is not over or under earning based on actual operating and financial results.

The experimental Alternative Regulation Plan may result in either increases or decreases in the price of gas service in order to bring Delta's earning within the range established by the Public Service Commission. However, changes in the Annual Adjustment Component cannot result in an increase of more than 5 percent of total revenue.

The matters set forth above are those matters proposed by Delta. However, the Public Service Commission may issue an order or orders that differ from the foregoing proposals.

Notice is further given that any corporation, association, body politic or person substantial interest in the matter that may request to intervene by motion within 30 days after notice of the foregoing proposed action is given; intervention may be granted beyond the thirty (30) day period for good cause shown. The motion shall be submitted to the Public Service commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, KY 40602, and shall set forth the grounds for the request, including the status and interest of the party. Any person who has been granted intervention may obtain copies of Delta's application and testimony by contacting John F. Hall, Delta Natural Gas Company, Inc, at the address and telephone number shown below. A copy of the application and testimony shall be available for public inspection at the offices of Delta or the Public Service Commission at the address and telephone numbers shown below.

Delta Natural Gas Company, Inc., 3617 Lexington Rd, Winchester, KY 40319, 606-744-6171

Public Service Commission, 730 Shenkel Lane, P.O. Box 615, Frankfort, KY 40602, 502564-3940

NOTICE OF BIDS
***

The Laurel County Board of Education School and Community Nutrition Program will accept bids until June 22, 1999 at 9:00 a.m. for the following items: cleaning supply items, ice cream items, small equipment items, dairy items, bakery items, beverage and food items. Quotes will also be taken for produce and meat items. Bid and quote specifications are available at the Superintendents office, 275 South Laurel Road, London, Ky. The Board of Education reserves the right to reject any or all bids.

Joe McKnight

NOTICE OF BIDS

The Laurel County Board of Education will be accepting bids for the following items until 2:00 p.m., Thursday, June 10,1999:

Roof Repairs, Filters & Batteries, Blacktop & Installation, Athletic Supplies, Garbage Service, Gasoline and Diesel Fuel, Athletic/Student Insurance, Property Insurance, Fleet Insurance, Uniforms.

Copies of the bid specifications can be picked up at the office of the Superintendent weekdays 8:00 - 4:00.

Bids will be awarded at 7:00 p.m., Monday, June 14, 1999.

The Board reserves the right to reject any or all bids.

AFFIDAVIT OF PUBLICATION

I, Clayton James Hart Editor of the Pineville Sun Courier, paper of general circulation, printed and published at Pineville, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Pineville Sun Courier on the following date: May 27, 1999.

Clayton James Hart
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 27th day of May, 1999.
My Commission expires: August 1st 2001.

Lola Faye Greene
Notary Public

Notice is hereby given that Delta Natural Gas Company, Inc. ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental Alternative Regulation Plan.

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Notice is further given that any corporation, association, body politic or person with a substantial interest in the matter may request to intervene by motion within 30 days after notice of the foregoing proposed action is given; intervention may be granted beyond the thirty (30) day period for good cause shown. The motion shall be submitted to the Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request, including the status and interest of the party. Any person who has been granted intervention may obtain copies of Delta's application and testimony by contacting John F. Hall, Delta Natural Gas Company, Inc., at the address and telephone number shown below. A copy of the application and testimony shall be available for public inspection at the offices of Delta or the Public Service Commission at the addresses and telephone numbers shown below.

Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40319
606-744-6171

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
502-564-3940

Registration is June 4th. Cost is $105 per hour with a $30 registration fee. For more information, please call 606-337-3196
or
e-mail
mlwalzer@saintmail.net
mhester@saintmail.net

SUMMER FOOD SERVICE PROGRAM

Arjay Elementary, Bell County High School, Bell County Middle School, Blackmont Elementary, Cubbage Elementary, Frakes Elementary, Harmony Elementary, Lone Jack Elementary Page Elementary, Recovery & Day Treatment Program, Right Fork Elementary, Ward Chapel Elementary, and Yellow Creek Will Participate In Summer Meal Program.

Bell County Food Service will participate in the federally funded Summer Food Service Program for children below the age of nineteen. The program operates under guidelines similar to those of public school food service programs. Participation in the program enables sponsors to provide lower program costs.

Children who are members of food stamp households or receive AFDC assistance are automatically eligible to receive free meal benefits. All children will be served the same meals at no separate charge regardless of race, color, national origin, sex, age, or handicap.

Persons who believe they have been discriminated against in the Summer Food Service Program should write the Secretary of Agriculture, Washington, DC 20250.

For Information Call
Doris Cooper
School Food Service Director
(606)337-7051

DATES OF THE PROGRAM
JUNE 14 - JULY 26

AFFIDAVIT OF PUBLICATION

I, Robert Smith, Editor of the Three Forks Tradition, paper of general circulation, printed and published at Beattyville, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Three Forks Tradition on the following date: May 26, 1999.

Robert Smith
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 3 day of June, 1999.
My Commission expires: 3-17-2001.

Linda Smith
Notary Public

Lady Bat Kats knock off Powell for first round win in softball tourney

FROM THE CREEKS AND THE BRIARPATCH

By Bob Smith

In the top of the seventh it was three up and three down for the Lee County Lady Bat the bottom of the third nullified ... effort. A Lee ... in the bottom of the

Honorable L. C. Reese, County Judge/Executive
Honorable Harvey Pelfrey, Lee County Sheriff
Honorable William Kilburn, Jr., Former Lee County Sheriff
Members of the Lee County Fiscal Court

Independent Auditor's Report

We have audited the former Lee County Sheriff's Settlement - 1997 Taxes as of August 13, 1998, the former Sheriff's Settlements - 1996 Unmined Coal Taxes as of September 11, 1997, and 1997 Unmined Coal Taxes as of May 14, 1998. These tax settlements are the responsibility of the former Lee County Sheriff. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The former Sheriff prepared his financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above presents fairly, in all material respects, the former Lee County Sheriff's taxes charged, credited, and paid as of August 13, 1998, September 11, 1997, and May 14, 1998, in conformity with the basis of accounting described in the preceding paragraph.

In accordance with Government Auditing Standards, we have also issued a report dated December 29, 1998, on our consideration of the former Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 29, 1998

The above transmittal letter accompanied the audit report presented to the fiscal court. KRS 43.090(2) requires that this letter be published in this newspaper. Copies of the complete audit report, including the accompanying financial statements and additional information, are available upon request by contacting the Auditor of Public Accounts, 144 Capitol Annex, Frankfort, Kentucky 40601.

AN EQUAL OPPORTUNITY EMPLOYER M/F/D

144 CAPITOL ANNEX
FRANKFORT, KY 40601-3448
TELE 502•564•5841
FAX 502•564•2912
hatchett@apa1.aud.state.ky.us

2501 GEORGETOWN ROAD, SUITE 2
FRANKFORT, KY 40601-5539
TELE. 502•573•0050
FAX 502•573•0067

NOTICE

Notice is hereby given that Delta Natural Gas Company, Inc. ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental Alternative Regulation Plan.

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Delta Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40319
606-744-6171

Public Service Commission
730 Schenkel Lane
PO Box 615
Frankfort, KY 40602
502-564-3940

AFFIDAVIT OF PUBLICATION

I, _____, Editor of the Times Tribune, paper of general circulation, printed and published at Corbin, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Times Tribune on the following date: May 25, 1999.

_____
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 25th day of May, 1999.

My Commission expires: _____.

RENEE SMITH
Notary Public
State at Large
Kentucky
My Commission Expire Apr 07, 2001

_____
Notary Public

NOTICE

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The experimental Alternative Regulation Plan may result in either increases or decreases in the price of gas service in order to bring Delta's earnings within the range established by the Public Service Commission. However, changes in the Annual Adjustment Component cannot result in an increase of more than 5 percent of total revenue.

The matters set forth above are those matters proposed by Delta. However, the Public Service Commission may issue an order or orders that differ from the foregoing proposals.

Notice is further given that any corporation, association, body politic or person with a substantial interest in the matter may request to intervene by motion within 30 days after notice of the foregoing proposed action is given; intervention may be granted beyond the thirty (30) day period for good cause shown. The motion shall be submitted to the Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request, including the status and interest of the party. Any person who has been granted intervention may obtain copies of Delta's application and testimony by contacting John F. Hall, Delta Natural Gas Company, Inc., at the address and telephone number shown below. A copy of the application and testimony shall be available for public inspection at the offices of Delta or the Public Service Commission at the addresses and telephone numbers shown below.

Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40319
606-744-6171.

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
502-564-3940.

DOSABLE, RETIRED SF, 50, bluish-blue, enjoys fishing, flea markets, les, dining out and dancing. Seeking 55, with similar interests, for friend- possible relationship. ☎26069

VING, OUTGOING DWF, mother of cial drinker, enjoys the outdoors, fishing, short trips. ISO SWM, 48- ar interests, for friendship, compan- possible LTR. Children ok. 606 area ferred. ☎26082

18, 5'6", brown/hazel, full-figured, ies, dancing, car races, watching . Seeks SWCM, 18-23. Madison rea. ☎26079

OC, EMPLOYED, very independent, utdoor activities: fishing, camping ing. Looking for SWM, age open, friendship first, possible future.

OF GAMES. Easygoing DWF, 38, wn/brown, enjoys dancing, garden- hes. Seeking honest, sincere SWM, /drugs, for friendship and possible 5049

DWM, 44, BROWN/BROWN, 6', 190 lbs, athletic, professional, considered good-looking, ISO LTR with S/DWF, attractive, 30-45, average-thin build, who likes rock 'n' roll and romance. ☎82143

DWM, CHRISTIAN, FATHER of one, n/d, n/drugs, enjoys camping, fishing. ISO S/DWF, 30-45, Christian, n/d, n/drugs, good personality, must like kids. ☎82103

INTELLIGENT, EASYGOING, HONEST SWM, 55, 5'8", 165 lbs, enjoys outdoors, gardening, fishing, flea markets, yard sales. Seeks honest, sincere Lady, 35-45, with similar interests, no head games, for possible LTR. ☎82114

LONDON AREA DWM, 34, 5'11", 170 lbs, very nice, easygoing, great sense of humor, spontaneous, smoker, social drinker, movies, spending time together. ISO WF, 28-39, like interests, LTR possible. ☎82139

LOOKING TO CUDDLE. WM, 48, enjoys quiet evenings, shows, walks, fishing, looking for WF, 39-49, who is loving and would like to be a friend. ☎82107

NICE GUY, PROFESSIONAL Male, 40, 5'8", 150 lbs, brown/brown, fun, funny, enjoys the outdoors, long drives, romantic dinners, quiet time. Seeking relationship, age open. ☎82088

NICE-LOOKING DWCM, 41, easygoing, enjoys life. Seeking nice-looking Lady, 38-45, for comfortable compatibility, possible LTR. London, Corbin area. ☎82128

NO MORE DISAPPOINTMENTS. WCM, 48, 6', 185 lbs, brown/blue, ISO Lady, 30-48, n/s, n/d, who enjoys church, camping, hiking, horseback riding and quiet evenings at home. Possible LTR. ☎82093

REBUILT HEART. SWM, 21, honest, patient, understanding, knows trust is earned and not given, likes movies, outdoors, sports. Seeking WF, 18-25, similar interests, no drugs. ☎82136

SWM, 35, SEEKING SWF. If you're looking for a Man to "stand by you," try this blue-eyed, lonesome cowboy, hopeless romantic, into country music, all sports and quiet nights at home. ☎82096

VERY NICE GUY. SWM, 34, black/blue, 135 lbs, seeking nice, honest WF, 21-35, for LTR. ☎82142

DWCM, 41, 5'8", 165 lbs, two children, enjoys church, gospel music, bowling, movies, flea markets. Honest, trustworthy, leads Christian life, n/s, n/d, n/drugs. ☎86092

DWCM, 42, 6'2", 235 lbs, down-to-earth, honest, God and family first, ISO SWCF, 38-42, WWP, humorous, old-fashioned, (like myself), no head games. N/s, n/d, n/drugs, same interests, LTR, possible marriage. ☎86082

DWM, 21, EASYGOING, enjoys going to races, fishing, movies, walks and quiet evenings at home. Seeking a S/DWF, 19-30, for friendship first, short-term, possible LTR. ☎86093

DWM, 55, 6', 195 lbs, ISO country Girl (WF), enjoys dining out, gardening, flea markets, riding around and having fun. For possible LTR. Tennessee, Campbell or Clayboom County. ☎86059

32-YEAR-OLD WM, 6'2", 246 lbs, body builder, hardworking, very caring, owns own business and home, enjoys outdoor activities, dancing. ISO SWF, 25-30, willing to relocate, for LTR. ☎26080

A WELL-ESTABLISHED, great-looking Guy seeking great-looking Gal for LTR. Sensitive, warm SWCM, under 40, n/s, loves to bike

AFFIDAVIT OF PUBLICATION

I, Don Estep, Editor of the Whitley County News Journal, paper of general circulation, printed and published at Williamsburg, Kentucky, do solemnly swear that from my own personal knowledge, and reference to the files of said publication, that a Notice of proposed Alternative Regulation Plan of Delta Natural Gas Company, Inc. attached hereto was published in the Whitley County News Journal on the following date: May 26, 1999.

Don Estep
Signature

NOTARY PUBLIC

Subscribed and sworn to before me this 31st day of May, 1999.
My Commission expires: 1-11-01.

Joyce Morgan
Notary Public

Classifieds

from page C-9

pipe; thence S 1 degree 00' W, 5 feet westwardly from and parallel to the west line of Lot #2, 125.00 feet to a pipe in the north line of 8th Street; thence N 89 degrees 00' W, along the north line of 8th Street, 72.50 feet to the beginning. NOTE: This property includes 20 feet of Lot #3, all of Lots #4 and #5, and 2.5 feet of Lot #6 in Block G of Lee Heights Addition.

Being the same property acquired by Deborah S. Slone from Bowman and Smith Builders, Inc. by deed of conveyance dated July 23, 1986 and of record in Deed Book 315, Page 425, Whitley County Court Clerk's Office.

TERMS OF SALE

1. The above property, or a sufficient amount thereof to produce the sum of money so ordered to be made, shall be sold.

2. On the date of sale, the purchaser shall either pay cash or, with surety on a bond approved by the Commissioner, may pay 10% down with the balance in 30 days with interest at 12%. Signatures of principal and surety on the bond shall have the effect of a judgment.

3. The purchaser shall be required to assume and pay all taxes or assessments upon the property for the current tax year and all subsequent years. All taxes or assessments upon the property for prior years shall be paid from the sale proceeds if properly claimed in writing and filed of record by the purchaser prior to payment of the purchase price.

4. If the property does not bring two-thirds of its appraised value, a one year right of redemption will exist pursuant to KRS 426.530.

5. This property is sold subject to the right of redemption, if applicable, provided in 28 USCA Sec. 2410.

Dated this 13th day of May, 1999.

CATHY E. PREWITT
MASTER COMMISSIONER
WHITLEY CIRCUIT COURT
CUMBERLAND FALLS HIGHWAY
AT TANGLEWOOD DRIVE
P.O. DRAWER 724
CORBIN, KENTUCKY
40702•(606) 528-7177

20-3-B

NOTICE

Notice is hereby given that Delta Natural Gas Company, Inc. ("Delta") seeks approval by the Public Service Commission, Frankfort, Kentucky, of an experimental Alternative Regulation Plan.

The proposed Alternative Regulation Plan would establish on an experimental basis for a period of three years a process for ensuring that Delta is not over or under earning with respect to its gas utility operations. Subject to certain performance constraints, the experimental Alternative Regulation Plan could result in charges or credits during the three-year period to bring Delta's earnings within the range established by the Public Service Commission.

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Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40319
606-744-6171

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
502-564-3940

21-1-B

PUBLIC NOTICE
Budget hearing regarding proposed use of County Road Aid And Local Government Economic Assistance Funds

A public hearing will be held by Whitley County in the Fiscal Court Room at the courthouse on June 11, 1999 at 9:00 AM for the purpose of obtaining citizens comments regarding the possible uses of the County Road Aid (CRA) and Local Government Economic Assistance LGEA) Funds. All interested persons in Whitley County are invited to the hearing to submit oral or written comments on possible uses of the CRA and LGEA Funds. Any person(s) who cannot submit written comments or attend the public hearing but wish to submit comments, should call the Office of the Whitley County Judge/Executive at 606-549-6000 by June 2, 1999 so that arrangements can be made to secure their comments.

MIKE PATRICK,
WHITLEY COUNTY
JUDGE/EXECUTIVE

21-1-B

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Child Care

TIRED OF THE IMPERSONAL CARE that day care's offer where your child has to wait his turn for attention? Your child can receive personal attention from a caring adult, Christian lady with experience in child care. Weekdays only. 528-7803

See Classifieds, page C-9

IMAGE ENTRY

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- **Clerical/Mailroom Staff**
- **Microfilmers** (Experience helpful)
- **Scanning Operators** (Experience with Windows 95 or Windows-based programs and scanning equipment helpful.)

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Human Resources
Image Entry, Inc.
715 North Main Street
London,KY 40741
606-878-5508
606-878-5470 (Fax)

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