

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

DELTA NATURAL GAS COMPANY, INC.)
APPLICATION FOR ADJUSTMENT OF RATES) CASE NO. 7202-I
UNDER PURCHASED GAS ADJUSTMENT CLAUSE)

O R D E R

On January 30, 1980, Columbia Gas Transmission Corporation (Transmission) filed with the Federal Energy Regulatory Commission (FERC) at Docket No. TA80-1-21 (PGA 80-2, IPR 80-2 & LFUT 80-1) revised tariff sheets to its FERC Gas Tariff, Original Volume No. 1. Columbia has placed an effective date of March 1, 1980, upon the effected tariff sheets. This Commission has no jurisdiction in that case.

On November 9, 1978, the President of the United States signed into law the Natural Gas Policy Act of 1978, which established significantly higher rates for producers of certain categories of natural gas. This federal legislation has resulted in higher gas costs to interstate pipeline companies serving the various gas consuming states, including Kentucky. Once the FERC approves the right of these interstate transmission companies to pass this increased cost on to its distribution company customers, state commissions must, in turn, allow intrastate distributors to pass their increased costs on to their customers by adjusting the basic rates.

On June 29, 1979, this Commission issued its Final Order in Case No. 7202, approving certain adjustments in the rates of Delta Natural Gas Company, Inc., (Delta) and providing under certain conditions for further adjustment of rates when the wholesale cost of gas is increased or decreased.

On February 7, 1980, the Applicant, notified the Commission that its wholesale cost of gas would be increased by its supplier, Columbia Gas Transmission Corporation (Transmission), effective March 1, 1980.

On February 13, 1980, the Applicant filed an Amended Application that made adjustments for additional increases they had received from Wiser Oil Company and for gas purchased from the James Wiehoff Well located in Clay County.

The applicant submitted with its Amended Application certain information in compliance with this Commission's Order of June 29, 1979. The Notice set out certain revisions in rates which the Applicant proposed to place in effect, said rates being designed to increase the cost of natural gas of its supplier in the amount of \$168,904.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds:

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the Federal Energy Regulatory agency in approving these supplier increases. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

2. The Federal Energy Regulatory Commission approval of a wholesale rate increase to a Kentucky gas retailer requires approval by the Commission of rates that will permit the Kentucky utility to adjust its customer charges to reflect the added purchase cost, or alternately the utility must absorb the added cost. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unjust to the Company and would ultimately result in higher rates to their consumers in any event.

3. When the FERC "accepts" Transmission's filing, Transmission will begin charging the Applicant the new rates. This Order cannot be implemented until and unless this occurs.

4. That the Applicant supplier, Transmission, on January 30, 1980, filed with the FERC for increased rates to become effective March 1, 1980, and that the Applicant's other supplier Wiser Oil Company and the James Wiehoff Well located in Clay County have likewise filed for rate increases to become effective March 1, 1980, and that the increase sought by the Applicant reflects this increased wholesale rates as so filed.

5. That the Commission should allow the Applicant to place into effect, subject to refund, the rates set out in Appendix "A" as soon as the supplier's rates are made effective.

6. That the Applicant's adjustment in rates under the Purchased Gas Adjustment Clause approved by the Commission in its Order in Case No. 7202 dated June 29, 1980, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that said Purchased Gas Adjustment sought by the Applicant and adjusted as aforesaid mentioned be and the same is hereby approved to be effective subject to refund, with gas supplied on and after the date the increased cost of wholesale gas becomes effective ("acceptance" by FERC) as set out in Appendix "A" attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Delta Natural Gas Company shall maintain its record in such manner as will enable it, or the Commission, or any of its customers to determine the amount to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on February 7, 1980, constitutes full compliance with the Commission's Order in Case No. 7202 and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within thirty (30) days after the date the increased cost of wholesale gas becomes effective, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky this 13th day of March, 1980.

ENERGY REGULATORY COMMISSION


By the Commission

ATTEST:

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 7202-I DATED MARCH 13, 1980.

The following rates and charges are prescribed for the customers in the areas served by Delta Natural Gas Company, Inc., All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATE SCHEDULE G-GENERAL SERVICE

APPLICABILITY:

Applicable within all service areas served by Delta: namely, Owingsville, Sharpsburg, Bath County, Camargo, Montgomery County, Frenchburg, Menifee County, Kingston-Terrill, Madison County, Stanton, Clay City, Powell County Garrard County, Berea, Salt Lick, Midland, Bath County, Nicholasville, Wilmore, Jessamine County, Jeffersonville, Montgomery County, Clearfield and Farmers, Rowan County and environs of each and within all service areas served by Gas Service Company Inc.,: namely, Middlesboro, Pineville, Bell County, Barbourville, Knox County, Williamsburg, Whitley County, London, Laurel County, and environs of each.

AVAILABILITY:

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

CHARACTER OF SERVICE:

Firm - within the reasonable limits of the company's capability to provide such service.

RATES:

Monthly Customer Charge: \$2.50 per delivery point per month
 \$3.51 per MCF per month

PURCHASED GAS ADJUSTMENT

Delta Natural Gas Company, Inc.

Applicable to all rate schedules

The base rate for purchased gas for the future application of this Purchased Gas Adjustment Clause is:

<u>Supplier</u>	<u>Rate/MCF</u>
Columbia Gas Transmission Corporation	
Rate Schedule CDS	
Demand	\$2.18
Commodity	2.4987
Rate Schedule SGS	2.6420
Columbia LNG Corporation	\$4.4309 *

* Includes Transportation Charge of \$0.2229

Tennessee Gas Pipeline Company

Rate Schedule GS-2

\$2.1132

Graham-Michaelis Corporation

\$1.25

Flat Lick

\$0.35

LVPL - Production

0.90

Evans

0.90

Wiehoff

1.35

Newman

0.60

Hall-Martin

0.40

Moser

0.90

Goff

0.40

Weaver

1.75

Robert Martin

1.75

Wiser Oil Company

\$1.858