

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 UNDER PURCHASED GAS ) CASE NO. 7202-M Amended  
ADJUSTMENT CLAUSE )

O R D E R

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 adjustments of rates when the wholesale cost of gas is increased, decreased or refunds are received.

On October 13, 1980, Delta and its subsidiaries, hereinafter called the Applicant, notified the Commission that it had received from four of its suppliers a wholesale gas increase to become effective November 1, 1980.

On October 2, 1980, Applicant received from one of its suppliers, Columbia Gas Transmission Corporation (Columbia) notification of a rate increase effective November 1, 1980.

On October 30, 1980, the Federal Energy Regulatory Commission (FERC) suspended Columbia's Sixty-third Revised Sheet No. 16 and Eleventh Revised Sheet No. 16A for five months or until April 1, 1980.

On November 10, 1980, Delta filed an Amended application reflecting the aforesaid change.

On November 1, 1980, Applicant shall experience from one of its suppliers, Tennessee Gas Pipeline Company (Tennessee) a rate increase as reflected on Tennessee's Thirtieth Revised Tariff Sheet No. 12A.

On October 1, 1980, Applicant shall experience an increase in the cost of gas purchased from Weaver Oil and Gas Corporation (Weaver) in accordance with the escalator clause in the Contract of August 16, 1980.

On November 1, 1980, Applicant shall experience an increase in the cost of gas purchased from Evans Exploration Company (Evans) and William Moser (Moser).

On June 20, 1980, Applicant entered into an Agreement with John Owens and others (Owens) for the purchase of gas from their Apex-Gregory well located in Clay County, Kentucky.

The estimated annual net increase in revenue as a result of the Applicant's filing of November 10, 1980, is \$59,344 or \$0.02 per MCF.

The Applicant, in compliance with its tariff and previous Orders of this Commission, submitted with its Notice certain information including verification of the rates and charges of its supplier.

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

(1) That Applicant received from one of its suppliers, Tennessee Gas Pipeline Company (Tennessee) notification of a rate increase effective November 1, 1980, as reflected on Tennessee's Thirtieth Revised Tariff Sheet No. 12A.

(2) That effective October 1, 1980, Applicant shall experience an increase of .01 per MCF in the cost of gas purchased from Weaver Oil and Gas Corporation (Weaver) in Bell County, Kentucky in accordance with the escalator clause in the Contract of August 16, 1978, a copy of which is on file with the Kentucky Energy Regulatory Commission.

(3) That effective November 1, 1980, Applicant shall experience an increase in the cost of gas purchased from Evans Exploration Company (Evans) and William Moser (Moser) in the amount of \$0.02 per MCF. These increases are in accordance with the price escalator clauses in the contracts the Applicant has with these two companies which are currently on file with the Commission.

(4) That on June 20, 1980, Applicant entered into an Agreement with John Owens and others (Owens) for the purchase of gas from their Apex-Gregory #1 well located in Clay County, Kentucky. The price agreed to is \$1.75 per MCF. Applicant

also agreed to reimburse Owens an amount equal to such sums necessary for Owens to recover severance taxes paid by Owens for gas sold and delivered under the Agreement pursuant to Chapter 143A of the Kentucky Revised Statutes.

(5) That the Applicant proposes to apply to its customers effective November 1, 1980, the revised rates as set forth herein.

(6) That the Applicant's adjustment in rates under the Purchased Gas Adjustment provisions approved by the Commission in its Order in Case No. 7202, dated June 29, 1979, is fair, just, and reasonable and 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 the Purchased Gas Adjustment sought by the Applicant as set out in Appendix "A" attached hereto and made a part hereof, be and the same, is hereby approved to be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

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

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on November 10, 1980, constitutes full compliance with the Commission's requirements and Order in Case No. 7202, and any other information ordinarily required to be filed under this Commission's regulations is hereby waived.

Done at Frankfort, Kentucky, this 26th day of November, 1980.

ENERGY REGULATORY COMMISSION

  
By the Commission

ATTEST:

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Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY  
COMMISSION IN CASE NO. 7202-M Amended DATED  
NOVEMBER 26, 1980

The following rates and charges are prescribed for the customers in the areas served by Delta Natural Gas Company, Inc., and its Subsidiary Laurel Valley Pipeline 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, Nicholasville, Wilmore, Jessamine County, Jeffersonville, Clearfield, Farmers, Rowan County, and environs of each.

AVAILABILITY:

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

CHARACTER OF SERVICE:

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

RATES:

Monthly Customer Charge: \$2.50 per delivery point per Month  
Rate requested effective November 1, 1980 \$3.62 per MCF/Month  
Rate to be applied November 1, 1980 \$3.62 per MCF/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	\$2.12
Commodity	2.4027
Rate Schedule SGS	2.5421
Columbia LNG Corporation	5.0129*

\*Includes Transportation Charge of \$0.2229

**Tennessee Gas Pipeline Company**

<b>Rate Schedule GS-2</b>	<b>\$2.3484</b>
<b>Graham-Michaelis Corporation</b>	<b>\$1.50</b>
Flat Lick	\$0.35
LVPL - Production	0.90
Evans	0.92
Wiehoff	1.37
Newman	0.60
Hall-Martin	0.40
Moser	0.92
Goff	0.40
Weaver	1.78
Robert-Martin	1.75
<b>Wiser Oil Company</b>	<b>\$1.858</b>
<b>John Owens</b>	<b>\$1.8288</b>