

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF)
RATES OF DELTA NATURAL) CASE NO. 8528
GAS COMPANY, INC.)

In the Matter of:

DELTA NATURAL GAS COMPANY,)
INC., APPLICATION FOR ADJUST-)
MENT OF RATES UNDER PURCHASED) CASE NO. 8528-A
GAS ADJUSTMENT CLAUSE)

ORDER

On June 18, 1982, Delta Natural Gas Company, Inc., ("Delta") filed its notice with this Commission seeking approval of an increase of \$2,188,760 in rates charged for natural gas service rendered on and after July 8, 1982, as subsequently amended by Delta on October 19, 1982. In its Order of December 14, 1982, the Commission, after considering the evidence of record, granted Delta additional revenues of \$1,086,086. On December 22, 1982, Delta filed with this Commission its motion for reconsideration of the Commission's treatment of Delta's purchased gas expense related to line loss and the amount of executive compensation found reasonable in the Commission's above-stated Order. On December 29, 1982, the Commission, in its Order in PGA Case No. 8528-A, approved a retail rate increase of 16.68 cents per Mcf,

subject to refund, to cover the increased cost of natural gas that Delta had received from its wholesale suppliers. On January 5, 1983, the Consumer Protection Division of the Attorney General's Office filed its response to Delta's request for reconsideration stating that the request should be denied as Delta had not presented any persuasive evidence regarding the issues addressed in its motion.

Company Used Gas

The Commission is of the opinion that while Delta may have initially been unacquainted with the Commission's long-established policy concerning maximum line loss for rate-making purposes, it had every opportunity following the October 20, 1982, hearing, to seek clarification of this policy. However, the Commission is also aware that company-used gas is a legitimate cost of doing business and that the volume of company-used gas during the test period was reasonable. Therefore, to provide Delta its cost of service, the Commission will grant Delta's petition for reconsideration of the line loss adjustment and allow additional revenues of \$92,960 to cover this expenditure.

Executive Compensation

Delta stated that the level of executive compensation allowed in the December 14, 1982, Order should be the same as that allowed in Case No. 8256, Delta's previous rate case. The Commission agrees and has increased the revenues allowed in this proceeding by \$53,192.

FINDINGS AND ORDERS

After examining the evidence of record and being advised the Commission is of the opinion and finds that:

1. Delta's petition for reconsideration should be granted and that Delta should be allowed to collect additional revenues in the amount of \$146,152, as found reasonable herein.

2. In PGA Case No. 8528-A, the Commission approved the requested increase to be effective for service rendered on and after the 1st of January 1983. The total additional increase allowed Delta herein of \$146,152 should adjust the rates found fair, just and reasonable in Case 8528-A.

3. Provisions of the Commission's Orders in Case Nos. 8528 and 8528-A not specifically amended herein should remain in full force and effect.

IT IS THEREFORE ORDERED that the rates in Appendix A be and they hereby are authorized effective for gas supplied on and after the date of this Order.


IT IS FURTHER ORDERED that the adjustments to the rates in Appendix A reflect the additional revenues of \$146,152 allowed herein based on the adjustments to company-used gas and executive compensation levels.

IT IS FURTHER ORDERED that the provisions of the Commission's final Orders in Case Nos. 8528 and 8528-A not specifically amended herein shall remain in full force and effect.

IT IS FURTHER ORDERED that within 30 days after the date of this Order Delta shall file with this Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 11th day of January, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8528 AND 8528-A
DATED JANUARY 11, 1983

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

RATES:

General Service--

Monthly Customer Charge - \$2.90 per delivery point per month.

1 - 5,000 Mcf	\$5.4225
5,001 - 10,000 Mcf	5.1725
Over - 10,000 Mcf	4.9225

Interruptible--

1 - 5,000 Mcf	\$5.1725
5,001 - 10,000 Mcf	4.9225
Over - 10,000 Mcf	4.6725