

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE TARIFF APPLICATION OF)
DELTA NATURAL GAS COMPANY, INC.) CASE NO. 8866
TO REFLECT A CHANGE IN TEXT)

O R D E R

On June 29, 1983, Delta Natural Gas Company, Inc., ("Delta") made a tariff filing with the Commission, wherein it filed text changes in its tariff pages to reflect a revised purchased gas adjustment clause. The Commission issued an Order on August 1, 1983, suspending Delta's tariff application for a period of 5 months in order to determine the reasonableness of the application.

On September 13, 1983, a technical conference was held at the Commission's office in Frankfort, Kentucky, to discuss the methodology of the proposed clause and quarterly filings. Present were representatives of Delta, the Attorney General's office, and the Commission.

The Commission is of the opinion that Delta's proposed purchased gas adjustment clause is an improvement over its present clause. However, in the future, the Commission may review the overall concept of automatic adjustment clauses.

After reviewing the record in this case and being advised the Commission is of the opinion and finds that:

1. Delta proposes a purchased gas adjustment clause that provides a uniform adjustment for all customers through quarterly filings.

2. Delta proposes to file its quarterly purchased gas adjustment ("PGA") 20 days in advance of the effective date. Delta should file its quarterly PGA 30 days in advance of the proposed effective date to allow for review of the filing.

3. Delta's proposed PGA clause is fair, just and reasonable and in the public interest and should be approved and implemented effective August 1, 1983.

IT IS THEREFORE ORDERED that the PGA clause in Appendix A to this Order be and it hereby is authorized effective with final meter readings on and after August 1, 1983.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Delta shall file revised tariffs on the PGA clause in Appendix A to this Order.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Delta shall file revised tariffs setting out the base rate gas cost recovery rate and total rate effective August 1, 1983, as detailed in Appendix B to this Order.

Done at Frankfort, Kentucky, this 23rd day of September, 1983.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman Rush Dozier
~~Not Participating~~
Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 8866 DATED SEPTEMBER 23, 1983.

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

GAS COST ADJUSTMENT CLAUSE

DETERMINATION OF GCR

The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each calendar quarter.

The gas cost recovery rates are comprised of:

- (1) The expected gas cost component (EGC) on a dollar per Mcf basis, which represents the average expected cost of gas supplies.
- (2) The supplier refund adjustment (RA) on a dollar per Mcf basis, which reflects refunds received from suppliers during the reporting period, plus interest at the average 90-day commercial paper rate for the calendar quarter. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.
- (3) The actual adjustment (AA), on a dollar per Mcf basis, which compensates for differences between the previous quarter's expected gas cost and the actual cost of gas during that quarter.
- (4) The balance adjustment (BA), on a dollar per Mcf basis, which compensates for any under or over collections which have occurred as a result of prior adjustments.

BILLING

The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following components:

$$\text{GCR} = \text{EGC} + \text{RA} + \text{AA} + \text{BA}$$

DEFINITIONS

For purposes of this tariff:

- (a) "Average Expected Cost" means the cost of gas supplies, including associated transportation and storage charges, and propane which results from the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes during the twelve month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments in its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.
- (b) "GCR" means the quarterly updated gas cost recovery rate applicable to the monthly consumption of customers (sum of the expected gas cost component plus the supplier refund adjustment plus the actual adjustment plus the balancing adjustment; i.e., $\text{GCR} = \text{EGC} + \text{RA} + \text{AA} + \text{BA}$).
- (c) "Calendar Quarters" means each of the four three-month periods of (1) August, September, and October; (2) November, December, and January; (3) February, March, and April; (4) May, June, and July.
- (d) "Reporting Period" means the three (3) month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas recovery rates; i.e., the calendar quarter preceding that during which the most recent Quarterly Report was filed.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 8866 DATED SEPTEMBER 23, 1983.

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

RATE SCHEDULES

APPLICABILITY:

Applicable within all areas served by Delta.

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:

	<u>Base Rate</u> plus	Gas Cost Recovery <u>Rate (GCR)(1)</u> equals	<u>Total Rate</u>
General Service			
Monthly Customer Charge			\$2.90
1 - 5,000 Mcf	\$1.9123	\$3.7344	\$5.6467 per Mcf
5,001 - 10,000 Mcf	\$1.6623	\$3.7344	\$5.3967 per Mcf
Over 10,000 Mcf	\$1.4123	\$3.7344	\$5.1467 per Mcf
Interruptible (2)			
1 - 5,000 Mcf	\$1.6623	\$3.7344	\$5.3967 per Mcf
5,001 - 10,000 Mcf	\$1.4123	\$3.7344	\$5.1467 per Mcf
Over 10,000 Mcf	\$1.1623	\$3.7344	\$4.8967 per Mcf

(1) The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheet No. 24 and 25 of this tariff.

(2) Special Conditions:

All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determination of those customers required to sign said contract shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company.

Any customer required to enter into an Interruptible Sales Agreement shall be permitted to purchase gas under the Interruptible Rate Schedule above. Gas requirements, minimum charges, and other specific information shall be set forth in the Agreement.