

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF DELTA) CASE NO. 9331-C
NATURAL GAS COMPANY, INC.)

I N T E R I M O R D E R

On December 19, 1985, the Commission issued its Order in Case No. 9331 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the Gas Cost Adjustment ("GCA") Clause set forth therein.

On June 27, 1986, Delta Natural Gas Company, Inc., ("Delta") filed its quarterly gas cost adjustment which is to become effective August 1, 1986, and is to remain in effect until November 1, 1986.

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

(1) Delta's notice of June 27, 1986, set out certain revisions in rates which Delta proposed to place into effect, said rates being designed to pass on the overall wholesale decrease in gas costs from its suppliers in the amount of 8.7 cents per Mcf.

(2) Delta's notice set out a total refund adjustment of 8.82 cents per Mcf, replacing the previous adjustment of 8.71 cents per Mcf. This adjustment includes a current quarter supplier refund of \$13,323 plus interest which is due Delta's customers.

(3) Delta's notice set out a current quarter actual adjustment in the amount of 31.35 cents per Mcf to compensate for previous over-recovery of gas cost by the company through the operation of its gas cost recovery procedure.

(4) Delta's notice set out a balance adjustment of 10.2 cents per Mcf to compensate for under-collections which occurred as a result of previous gas cost, refund and balance adjustments. Due to warmer than normal weather, Delta proposed to calculate the balance adjustment using sales for 2 quarters rather than 1 abnormally low quarter. This adjustment results in a lower retail rate and should be approved on a one-time basis.

(5) Delta proposed a gas cost recovery rate in the amount of \$3.4064 per Mcf. This is an increase of \$0.0404 per Mcf from the rate previously in effect. The increase represents the combined effect of the supplier decrease, refund, actual and balance adjustments. Due to warmer than normal weather, Delta also proposed to adjust the gas cost recovery rate by adding 200,000 Mcf to annual sales. The effect of normalizing sales in this manner is to lower the gas cost recovery rate from \$3.658 to the proposed \$3.4064. This adjustment should be approved on a one-time basis.

(6) Delta's adjustment in rates contained in the Appendix to this Order under the gas cost adjustment provisions approved by the Commission in its Order in Case No. 9331 dated December 19, 1985, should be approved on an interim basis to be effective with final meter readings on and after August 1, 1986.

(7) Following Delta's submission in this case of certain information concerning the purchases of Delta and Delta Resources, the Commission finds that Delta should show cause as to why the price of \$3.83 per Mcf that Delta is paying Wiser Oil should not be lowered. An alternative market price of \$2.50 per Mcf has been established through Delta Resources' purchases from Wiser.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized on an interim basis and subject to refund, effective with final meter readings on and after August 1, 1986.

(2) The gas cost recovery rate shall be \$3.4064 per Mcf as Delta proposed effective with final meter readings on and after August 1, 1986.

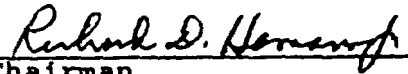
(3) Within 30 days of the date of this Order Delta shall file with this Commission its revised tariffs setting out the rates authorized herein.

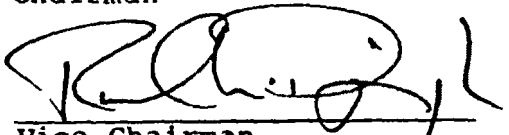
(4) Because of the substantially lower rate that Delta Resources is paying Wiser Oil, as compared to what Delta is paying, Delta shall show cause as to why the Commission should not lower Delta's allowed rate to Wiser. A hearing is hereby set for September 16, 1986, at 9:30 a.m., Eastern Daylight Time, in the Commission's offices, Frankfort, Kentucky.

(5) Delta shall file written testimony in this case on or before August 25, 1986.

Done at Frankfort, Kentucky, this 28th day of July, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9331-C DATED 7/28/86

The following rates and charges are prescribed for the customers 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 date of this Order.

RATE SCHEDULES

AVAILABILITY

Available for general use by residential, commercial, and industrial customers who purchase their entire natural gas requirements from Delta.

RATES

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
	plus		equals
General Service			
Monthly Customer Charge			\$3.98
1 - 1,000 Mcf	\$2.1096	\$3.4064	\$5.5160 per Mcf
1,001 - 5,000 Mcf	1.9637	3.4064	5.3701 per Mcf
5,001 - 10,000 Mcf	1.6575	3.4064	5.0639 per Mcf
Over 10,000 Mcf	1.3512	3.4064	4.7576 per Mcf
Interruptible (2)			
1 - 1,000 Mcf	\$1.8543	\$3.4064	\$5.2607 per Mcf
1,001 - 5,000 Mcf	1.7085	3.4064	5.1149 per Mcf
5,001 - 10,000 Mcf	1.4023	3.4064	4.8087 per Mcf
Over 10,000 Mcf	1.096	3.4064	4.5024 per Mcf