

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF DELTA) CASE NO. 90-342-K
NATURAL GAS COMPANY, INC.)

O R D E R

On May 23, 1991, the Commission issued its Order in Case No. 90-342 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 January 3, 1994, Delta Natural Gas Company, Inc. ("Delta") filed its quarterly GCA, which is to become effective February 1, 1994 and is to remain in effect until May 1, 1994. Delta requested waiver of the 30-day notice requirement pursuant to KRS 278.180. On January 26, 1994, an informal conference was held at the Commission's offices.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Delta's notice of January 3, 1994 set out certain revisions in rates which Delta proposed to place into effect, said rates being designed to pass on to its customers the wholesale increase in gas costs from its suppliers. Delta's expected gas cost for the quarter beginning February 1, 1994 is \$3.6382 per Mcf, an increase of 87.38 cents per Mcf excluding take-or-pay billings.

Delta's notice set out a take-or-pay recovery component of .39 cent per Mcf, which increased .23 cent per Mcf from its last GCA filing. Delta should be prepared to support the amount of its take-or-pay actual adjustments at the time of its GCA field reviews.

2. Delta's notice contained a current quarter refund adjustment in the amount of 1.57 cents per Mcf. Delta's total refund adjustment of 2.53 cents per Mcf is composed of the current and previous quarter adjustments.

3. Delta's notice set out a current quarter actual adjustment in the amount of 17.07 cents per Mcf to compensate for under-recovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of August, September, and October 1993. The total actual adjustment of 16.67 cents per Mcf is designed to correct the current under-collection as well as under- and over-collections from three previous quarters.

4. Delta's notice set out a balance adjustment of (.35) cent per Mcf to replace the previous adjustment of 4.61 cents per Mcf. This balance adjustment compensates for over-collections which occurred as a result of previous gas cost, actual, refund, and balance adjustments.

5. The combined effect of the above adjustments is Delta's gas cost recovery rate ("GCR") in the amount of \$3.6382 per Mcf, which is an increase of 88.84 cents per Mcf from its last approved

GCR. The increase is the result of the supplier increase combined with the changes in other adjustments.

6. Delta's adjustment in rates, set out in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 90-342 dated May 23, 1991, is fair, just, and reasonable, in the public interest, and should be effective with final meter readings on and after February 1, 1994.

7. In its filing dated January 3, 1994, Delta requested confidentiality for Schedule VI, which contains business information required by the Commission pertaining to Delta's subsidiaries. Delta Resources, Inc. and Delgasco engage in activities that are unregulated and highly competitive. Competitors of these subsidiaries could use business information of these subsidiaries to place themselves in an advantageous position vis-a-vis the subsidiaries and Delta. Thus, disclosure of the information is likely to cause Delta and these subsidiaries competitive injury and should be protected.

IT IS THEREFORE ORDERED that:


1. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with final meter readings on and after February 1, 1994.

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

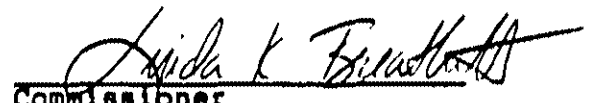
3. Schedule VI, which Delta has petitioned to be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection.

Done at Frankfort, Kentucky, this 1st day of February, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-342-K DATED February 1, 1994

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

AVAILABILITY

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

RATES

	<u>Base Rate</u>	plus	<u>Gas Cost Recovery Rate</u>	equals	<u>Total</u>
General Service					
Monthly Customer Charge					
Residential					\$5.95
Nonresidential					18.36
1 - 1,000 Mcf	\$2.4650		\$3.7800		6.2450 per Mcf
1,001 - 5,000 Mcf	2.0650		3.7800		5.8450 per Mcf
5,001 - 10,000 Mcf	1.6650		3.7800		5.4450 per Mcf
Over 10,000 Mcf	1.2650		3.7800		5.0450 per Mcf
Interruptible (2)					
Monthly Customer Charge					\$185.00
1 - 1,000 Mcf	\$1.7000		\$3.7800		5.4800 per Mcf
1,001 - 5,000 Mcf	1.3000		3.7800		5.0800 per Mcf
5,001 - 10,000 Mcf	.9000		3.7800		4.6800 per Mcf
Over 10,000 Mcf	.5000		3.7800		4.2800 per Mcf
Transportation of Gas for Others					
On-System Utilization					

To the applicable rates and charges in effect for on-system transportation customers shall be added a take-or-pay recovery component of \$.0039 per Mcf.