

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On May 23, 1991, in Case No. 90-342, the Commission approved certain adjusted rates for Delta Natural Gas Company, Inc. ("Delta") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On December 27, 1995, Delta filed its GCA to be effective from February 1, 1996 to May 1, 1996.

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

1. Delta's notice proposed revised rates designed to pass on its expected increased wholesale gas costs to its customers. Delta's proposed expected gas cost ("EGC") is \$3.1429 per Mcf, excluding take-or-pay billings.

Delta's notice proposed to include costs associated with the Canada Mountain Storage Field in EGC. The rate that Deltran, Inc. ("Deltran") proposes to charge for storage service in the Canada Mountain Storage Field has been suspended and is being

reviewed by the Commission.¹ The annual cost of \$58,800 related to Deltran's provision of storage service should be removed from Delta's EGC calculation pending the Commission's decision regarding the proposed Deltran rate. An EGC of \$3.1272 should be approved on an interim basis pending the Commission's approval of a Deltran storage rate.

Delta's notice set out no take-or-pay recovery component for this quarter.

2. Delta's notice set out a current quarter refund adjustment of .91 cent per Mcf to return refunds of \$33,897, including interest, to its customers. The total refund adjustment of 11.74 cents per Mcf reflects the current, as well as previous, quarter adjustments.

3. Delta's notice set out a current quarter actual adjustment of 17.08 cents per Mcf to collect under-recovered gas cost from August, September, and October 1995. The proposed total actual adjustment of (21.87) cents per Mcf reflects the current under-collection as well as under- and over-collections from three previous quarters.

¹ In the Matter of Proposed Contract Between Deltran, Inc. and Delta Natural Gas Company, Inc. for Underground Natural Gas Storage Service, Case No. 95-531, Order dated December 27, 1995.

4. Delta's notice set out a balance adjustment of (.37) cent per Mcf. This balance adjustment compensates for net overcollections which occurred as a result of previous adjustments.

5. These adjustments produce a gas cost recovery rate ("GCR") of \$2.7874 per Mcf, 30.70 cents per Mcf more than its previous GCR.

6. The revised rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved for final meter readings on and after February 1, 1996.

7. 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 unregulated, competitive activities. 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 proposed by Delta are hereby denied pending the Commission's decision in Case No. 95-531.

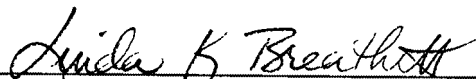
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for final meter readings on and after February 1, 1996.

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. 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, 1996.

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-S DATED FEBRUARY 1, 1996

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>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
		plus	equals
General Service			
Monthly Customer Charge			
Residential			\$5.95
Nonresidential			18.36
1 - 1,000 Mcf	\$2.4650	\$2.7874	5.2524 per Mcf
1,001 - 5,000 Mcf	2.0650	2.7874	4.8524 per Mcf
5,001 - 10,000 Mcf	1.6650	2.7874	4.4524 per Mcf
Over 10,000 Mcf	1.2650	2.7874	4.0524 per Mcf
Interruptible (2)			
Monthly Customer Charge			\$185.00
1 - 1,000 Mcf	\$1.7000	\$2.7874	4.4874 per Mcf
1,001 - 5,000 Mcf	1.3000	2.7874	4.0874 per Mcf
5,001 - 10,000 Mcf	.9000	2.7874	3.6874 per Mcf
Over 10,000 Mcf	.5000	2.7874	3.2874 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 (\$.0000) per Mcf.