

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF DELTA) CASE NO. 90-342-Y
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 June 24, 1997, Delta filed its GCA to be effective from August 1, 1997 to November 1, 1997.

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 \$3.8603 per Mcf, excluding take-or-pay billings.

Delta's notice set out a take-or-pay recovery component of 0 cent per Mcf for this quarter.

2. Delta's notice set out a current quarter refund adjustment of 10.99 cents per Mcf to return refunds in the amount of \$461,597 to its customers. The total refund adjustment of 11.92 cents per Mcf reflects the current as well as previous quarter adjustments.

3. Delta's notice set out a current quarter actual adjustment of (58.71) cents per Mcf to return over-recovered gas cost from February, March, and April 1997. The proposed total actual adjustment of 69.98 cents per Mcf reflects the current over-collection as well as under-collections from three previous quarters.

4. Delta's notice set out a balance adjustment of 6.70 cents per Mcf. This balance adjustment compensates for net under-collections which occurred as a result of previous adjustments.

5. These adjustments produce a gas cost recovery rate ("GCR") of \$4.5079 per Mcf, 18.55 cents per Mcf less than its previous GCR.

6. The 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 August 1, 1997.

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:

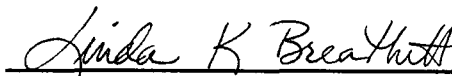
1. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for final meter readings on and after August 1, 1997.

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.

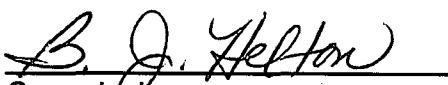
3. Schedule VI, which Delta has petitioned to be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection.

Done at Frankfort, Kentucky, this 1st day of August, 1997.

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-Y DATED AUGUST 1, 1997

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		\$4.5079		6.9729 per Mcf
1,001 - 5,000 Mcf	2.0650		4.5079		6.5729 per Mcf
5,001 - 10,000 Mcf	1.6650		4.5079		6.1729 per Mcf
Over 10,000 Mcf	1.2650		4.5079		5.7729 per Mcf
Interruptible (2)					
Monthly Customer Charge					\$185.00
1 - 1,000 Mcf	\$1.7000		\$4.5079		6.2079 per Mcf
1,001 - 5,000 Mcf	1.3000		4.5079		5.8079 per Mcf
5,001 - 10,000 Mcf	.9000		4.5079		5.4079 per Mcf
Over 10,000 Mcf	.5000		4.5079		5.0079 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 \$.0 per Mcf.