

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF DELTA)	CASE NO. 97-066-E
NATURAL GAS COMPANY, INC.)	

ORDER

On December 8, 1997, in Case No. 97-066, 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 23, 1998, Delta filed its GCA to be effective from February 1, 1999 to May 1, 1999.

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

1. Delta s notice proposes revised rates designed to pass on its expected decreased wholesale gas costs to its customers. Delta s proposed expected gas cost (EGC) is \$3.6090 per Mcf, excluding take-or-pay billings. This is a decrease of 26.99 cents per Mcf from the previous EGC.

2. Delta s notice sets out no current quarter refund adjustment. The total refund adjustment of 1.04 cents per Mcf reflects a previous quarter adjustment, and represents a .07 cent per Mcf increase over the previous RA.

3. Delta's notice sets out a current quarter actual adjustment (AA) of 17.59 cents per Mcf to collect under-recovered gas cost from August, September, and October 1998. The proposed total AA of (15.46) cents per Mcf reflects the current under-collection as well as under- and over-collections from three previous quarters, and represents a decrease of 7.40 cents per Mcf from the previous total AA.

4. Delta's notice sets out a balance adjustment (BA) of 7.26 cents per Mcf, which compensates for net under-collections which occurred as a result of previous adjustments. This BA is 10.43 cents per Mcf higher than the previous BA.

5. These adjustments produce a gas cost recovery rate (GCR) of \$3.5166 per Mcf, 23.83 cents per Mcf less than the previous GCR of \$3.7549 per Mcf.

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 February 1, 1999.

7. Delta requests 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-à-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 February 1, 1999.

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. Delta's request for confidentiality is granted.

Done at Frankfort, Kentucky, this 13th day of January, 1999.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 97-066-E DATED JANUARY 13, 1999

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							
							\$ 8.00
		Residential					18.36
		Small Commercial					25.00
		All Others					
	.1 --	200 Mcf	\$2.7212		\$3.5166		\$ 6.2378
	200.1 --	1,000 Mcf	2.5000		3.5166		6.0166
	1,000.1	5,000 Mcf	2.1000		3.5166		5.6166
	5,000.1	10,000 Mcf	1.5000		3.5166		5.0166
	Over 10,000	Mcf	1.1000		3.5166		4.6166
Interruptible							
Monthly Customer Charge							
	.1	1,000 Mcf	\$1.7000		\$3.5166		\$200.00
	1,000.1	5,000 Mcf	1.3000		3.5166		4.8166
	5,000.1	-10,000 Mcf	.9000		3.5166		4.4166
	Over 10,000	Mcf	.5000		3.5166		4.0166