

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

DELTA NATURAL GAS COMPANY, INC.)
APPLICATION FOR ADJUSTMENT OF) CASE NO. 7202-J
RATES UNDER PURCHASED GAS AD-)
JUSTMENT CLAUSE

O R D E R

On June 29, 1979, this Commission issued its Final Order in Case No. 7202, approving certain adjustments in the rates of Delta Natural Gas Company, Inc., (Delta) and providing under certain conditions for further adjustment of rates when the wholesale cost of gas is increased, decreased or refunds are received.

On June 9, 1980, Delta and its subsidiaries, hereinafter called the Applicant, notified the Commission that it had received notice from various suppliers of wholesale gas increased and decreased rates to become effective as follows:

1. That on May 27, 1980, Applicant received from one of its suppliers, Columbia Gas Transmission Corporation (Columbia), notification of a rate decrease in the amount of .0835 per MCF effective June 1, 1980, as reflected on Columbia's Sixty-First Revised Tariff Sheet No. 16 and Ninth Revised Tariff Sheet No. 16A.

2. That on June 2, 1980, Applicant received from one of its suppliers Tennessee Gas Pipeline Company (Tennessee), notification of a rate increase in the amount of .2094 per MCF effective July 1, 1980, as reflected on Tennessee's Substitute Twenty Ninth Revised Tariff Sheet No. 12A.

3. That on June 2, 1980, Applicant received from one of its suppliers, Graham-Michaelis Drilling Company (Michaelis), a letter regarding the annual price renegotiation. This increase of \$0.25 per MCF has an effective date of April 1, 1980.

4. That effective April 1, 1980, the price for gas purchases from Weaver Oil & Gas Corporation (Weaver) located in Bell County, Kentucky, will increase by \$0.01 per MCF in accordance with the price escalator clause in the contract currently existing and which is currently on file at the Kentucky Energy Regulatory Commission.

5. That on May 19, 1980, Applicant received as a credit on its April 1, 1980 billing from Tennessee a refund in the amount of \$120,989.20. Applicant proposes to pass through this amount to its customers over a four month period beginning July 1, 1980.

The estimated annual net increase in revenue as a result of the Applicant's filing of June 9, 1980, is \$305,383 or \$0.08 per MCF.

The Applicant, in compliance with its tariff and previous Orders of this Commission, submitted with its Notice certain information including verification of the rates and charges of its supplier.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds:

(1) That the Energy Regulatory Commission is being asked to approve a price increase already approved by the Federal Energy Regulatory Commission when it granted the Applicant's suppliers a wholesale gas cost increase. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair and unjust to the Company and would ultimately result in higher rates to their consumers in any event. The Commission has (in writing) indicated its opposition to the procedures and regulations used by the Federal agency in approving these supplier increases since 1975. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

(2) That the Applicant's supplier, Columbia, on May 23, 1980, filed with the FERC for decreased rates to become effective June 1, 1980, and that Tennessee on May 30, 1980, filed with the FERC for increased rates to become effective July 1, 1980.

(3) That the Applicant's suppliers Michaelis and Weaver have filed for rate increases effective April 1, 1980, and the Applicant received a refund from Tennessee to become effective July 1, 1980.

(4) That the Applicant proposes to apply to all its customers, effective July 1, 1980, the revised rates as set forth herein.

(5) That the application filed June 9, 1980, reflected the suppliers rates as filed with the FERC to be effective July 1, 1980.

(6) That the magnitude of this filing exposes the Applicant to substantial under-recovery of its gas cost if the rates are not implemented in a timely manner.

(7) That the Commission should waive its policy of requiring evidence of FERC acceptance in this case and allow the Applicant to place into effect subject to refund the rates set out in Appendix "A".

(8) That the Applicant's adjustment in rates under the Purchased Gas Adjustment provisions approved by the Commission in its Order in Case No. 7202, dated June 29, 1979, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that the Purchased Gas Adjustment sought by the Applicant as set out in Appendix "A" attached hereto and made a part hereof, be and the same, is hereby approved to be effective subject to refund with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

IT IS FURTHER ORDERED that Delta Natural Gas Company, Inc., shall maintain its record in such manner as will enable it, or the Commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that within thirty (30) days after the date of this Order, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on June 9, 1980, constitutes full compliance with the Commission's requirements and Order in Case No. 7202, and any other information ordinarily required to be filed under the Commission's regulations is hereby waived.

Done at Frankfort, Kentucky, this 17th day of July, 1980.

ATTEST:

ENERGY REGULATORY COMMISSION

Secretary



For the Commission

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 7202-J DATED JULY 17, 1980

The following rates and charges are prescribed for the customers in the areas served by Delta Natural Gas Company, Inc., and its Subsidiaries, Gas Service Company, Inc., Cumberland Valley Pipeline Company and Laurel Valley Pipeline Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATE SCHEDULE G-GENERAL SERVICE

APPLICABILITY:

Applicable within all service areas served by Delta namely: Owingsville, Sharpsburg, Bath County, Camargo, Montgomery County, Frenchburg, Menifee County, Kingston-Terrill, Madison County, Stanton, Clay City, Powell County, Garrard County, Berea, Salt Lick, Midland, Nicholasville, Wilmore, Jessamine County, Jeffersonville, Clearfield, Farmers, Rowan County and environs of each, and within all service areas served by Gas Service Company, Inc. namely: Middlesboro Pineville, Bell County, Barbourville, Knox County, Williamsburg, Whitley County, London, Laurel County and environs of each.

AVAILABILITY:

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

CHARACTER OF SERVICE:

Firm - within the reasonable limits of the company's capability to provide such service.

RATES:

Monthly Customer Charge:	\$2.50 per delivery point per Month
Rate effective July 1, 1980	\$3.59 per Mcf per Month
Refund Factor in Case No. 7202-J	(0.19) per Mcf per Month
Rate to be applied July 1, 1980	\$3.40 per Mcf per Month

PURCHASED GAS ADJUSTMENT

Delta Natural Gas Company, Inc.

Applicable to all rate schedules

The base rate for purchased gas for the future application of this Purchased Gas Adjustment Clause is:

<u>Supplier</u>	<u>Rate/MCF</u>
Columbia Gas Transmission Corporation	
Rate Schedule CDS	
Demand	\$2.17
Commodity	2.4152
Rate Schedule SGS	2.5579
Columbia LNG Corporation	\$4.4309*
* Includes Transportation Charge of \$0.2229	

Tennessee Gas Pipeline Company

Rate Schedule GS-2	\$2.3226
Graham-Michaelis Corporation	\$1.50
Flat Lick	\$0.35
LVPL - Production	0.90
Evans	0.90
Wiehoff	1.35
Newman	0.60
Hall-Martin	0.40
Moser	0.90
Goff	0.40
Weaver	1.76
Robert-Martin	1.75
Wiser Oil Company	\$1.858