

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF EQUITABLE)
GAS COMPANY) CASE NO. 89-286-A

O R D E R

On June 27, 1990, the Commission issued its Order in Case No. 89-286 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 July 10, 1990, Equitable Gas Company, a division of Equitable Resources, Inc., ("Equitable") filed its quarterly GCA, which is to become effective August 1, 1990 and is to remain in effect until October 31, 1990.

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

1. Equitable's notice of July 10, 1990 set out certain revisions in rates which Equitable proposed to place into effect, said rates being designed to pass on to its customers the wholesale increase in gas costs from its supplier in the amount of 14.7 cents per Mcf. Equitable's expected gas cost for the quarter beginning August 1, 1990 is \$3.4537 per Mcf.

2. Equitable's notice set out a current quarter actual adjustment in the amount of 4.01 cents per Mcf to compensate for under-recovery of gas cost by the Company through its purchased gas adjustment clause that was formerly in effect. The proposed actual adjustment of 34.59 cents per Mcf should be denied. The proposed adjustment is for a period when Equitable was providing service under a previous purchased gas adjustment clause. Allowing such an adjustment would constitute retroactive rate-making and would violate the filed rate doctrine.

3. Equitable also proposed that the current refund of \$.0897 per Mcf be allowed to expire on August 1, 1990 so that the remainder of that refund could be returned through the actual adjustment. The refund should continue to be set out separately from Equitable's approved rates until all refund obligations, arising from its previous clause, are discharged in conformity with the Commission's Orders in Case No. 6602-NN and Case No. 6602-TT.¹

4. Equitable requested a waiver of the 30-day filing requirement. Pursuant to KRS 278.180, upon Equitable's showing of good cause, the request should be granted. The effective date for the increase should be on and after the date of this Order.

¹ Case No. 6602-NN, Notice of Purchased Gas Adjustment Filing of Equitable Gas Company, Order dated August 28, 1989, and Case No. 6602-TT, Notice of Purchased Gas Adjustment Filing of Equitable Gas Company, Order dated June 1, 1990.

5. Equitable did not include in its filing the supplier's tariff sheet on which it based its expected gas cost. In each future filing, Equitable should file such support for its gas cost.

6. Equitable's corrected adjustment in rates pursuant to the GCA provisions approved by the Commission in its Order in Case No. 89-286, dated June 27, 1990, is fair, just, and reasonable, in the public interest, and should be effective with final meter readings on and after the date of this Order.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Equitable are hereby denied.

2. 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 the date of this Order.

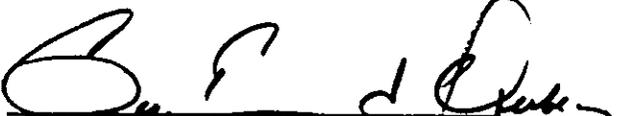
3. The gas cost recovery rate shall be \$3.4537 per Mcf effective with final meter readings on and after the date of this Order.

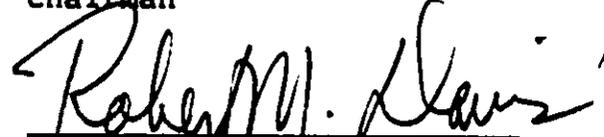
4. Within 30 days of the date of this Order, Equitable shall file with this Commission its revised tariffs setting out the rates authorized herein.

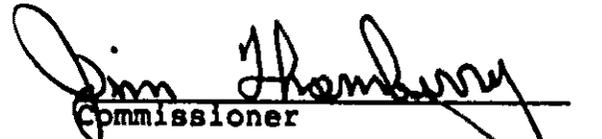
5. In each future filing, Equitable shall include its most currently effective supplier tariff sheet.

Done at Frankfort, Kentucky, this 1st day of August, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-286-A DATED 8/01/90

The following rates and charges are prescribed for the customers served by Equitable Gas Company. 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 date of this Order.

RATES: Monthly

First	2 Mcf	\$4.1190 per Mcf
Next	18 Mcf	3.9190 per Mcf
Next	30 Mcf	3.8290 per Mcf
Next	50 Mcf	3.7490 per Mcf
All Over	100 Mcf	3.6790 per Mcf

The minimum bill shall be \$4.00.

The following adjustments will be made to the above rates:

A surcharge of \$0.2278 per Mcf to reconcile undercollections occurring from 4/1/83 to 6/30/87 will be added to the above rates to be effective for 60 months beginning with the date of the Commission Order in Case No. 6602-GG or until the undercollection is recovered.

A refund of \$0.0897 per Mcf shall be applied to the retail service rates until such time as all refund obligations are discharged pursuant to PSC Order Nos. 6602-NN and 6602-TT.

The base rate for the future application of the purchased gas adjustment clause of Equitable Gas Company shall be:

Commodity

Kentucky West Virginia Gas Company \$2.7034/Dth*

*Includes \$0.0126 Gas Research Institute Funding Charge and an Annual Charge Adjustment of \$0.0017.