

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

A PURCHASED GAS ADJUSTMENT)
FILING OF WESTERN KENTUCKY) CASE NO. 7157-KK
GAS COMPANY)

O R D E R

On December 6, 1978, the Commission entered its Order in Case No. 7157, approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased, decreased or a refund is received.

On October 8, 1981, Western Kentucky Gas Company ("Applicant") filed its notice and application with the Commission stating that it had received a refund from one of its suppliers, Tennessee Gas Pipeline Company ("Tennessee Gas").

On September 14, 1981, the Applicant was notified by Tennessee Gas that two refunds totaling \$124,876.80 were reflected in the form of a credit on the August, 1981, gas invoice. These refunds represented the Applicant's share of the disposition of refunds from Tennessee Gas in Docket No. RP81-44-003, resulting from the flow through adjustments received by Tennessee Gas from certain of its producer-suppliers.

Also included in the refund is the disposition of certain refunds in Docket No. RP81-38-003, received by Tennessee Gas from its producer-suppliers pursuant to various Commission opinions and orders, and as a result of negative NGPA well category determinations.

The Applicant's filing of October 8, 1981, also reflects an estimated overtracking of \$65,792 from Texas Gas Transmission Corporation ("Texas Gas") and an undertracking of \$5,561 from Tennessee Gas for the period of August 1, 1981, through September 30, 1981, due to their retroactive rate changes. These rate changes were reflected in 7157-JJ, effective October 1, 1981.

The total refundable amount in the filing is \$185,107.80. The Applicant proposes to refund this amount to its customers over a period of four months in accordance with the refund provisions of the Applicant's purchased gas adjustment clause beginning on November 1, 1981. The Applicant's adjustment is designed to pass on to its customers a reduction in the amount of \$.0091 per thousand cubic feet of gas and said adjustment should be eliminated when the full amount to be refunded, plus interest has been returned to the Applicant's customers.

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

- (1) The Applicant has an estimated total refund in the amount of \$185,107.80 from its suppliers, Texas Gas and Tennessee Gas.
- (2) A refund factor in the amount of \$.0091 per thousand cubic feet of gas be used as a reduction in the purchased gas adjustment.

(3) The said refund remain in effect for four months or until such time as the full amount plus interest has been returned to its customers.

(4) The said refund should begin with the Applicant's next billing cycle or as soon as practical.

(5) The Applicant should refund the amounts reported in its application plus interest at a rate equal to the average of the "3-Month Commercial Paper Rates" for the immediately preceding 12-month period less 1/2 of 1% to cover the costs of refunding. These monthly rates are reported in both the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

IT IS THEREFORE ORDERED that Western Kentucky Gas Company apply a refund factor in the amount of \$.0091 per thousand cubic feet of gas as a reduction in the approved purchased adjustment beginning with the Applicant's next billing cycle, or as soon as practical, and remain in effect until such time as necessary so that the refund will, as nearly as possible, reflect the exact amount. The refund factor will terminate at such period of time that the refundable amount equals the refund period herein reported plus interest.

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant in this case constitutes full compliance with the Commission's Order in Case No. 7157, and any other information ordinarily required to be filed under the Commission's rules is hereby waived.

Done at Frankfort, Kentucky, this 21st day of October, 1981.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary