

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE ELAM UTILITY)
COMPANY FOR PURCHASED GAS ADJUSTMENT)
OF RATES AND APPLICATION FOR WAIVER)
FROM REFUNDS)

CASE NO. 7601-D

O R D E R

On January 9, 1980, the Commission issued an Interim Order in Case No. 7601 approving certain adjustments in rates and providing, under certain conditions, for the further adjustments of such rates when the wholesale cost of gas is increased or decreased.

On September 30, 1980, Columbia Gas Transmission Corporation (Transmission) filed with the Federal Energy Regulatory Commission (FERC) a general rate increase proposed to become effective November 1, 1980. That filing was suspended by FERC for a period of five months until April 1, 1981.

On March 13, 1981, Transmission filed with FERC a revised tariff that is to become effective April 1, 1981. The Commission has no jurisdiction in that case.

On March 26, 1981, the Applicant, Elam Utility (Elam), notified the Commission that its cost of wholesale gas would be increased by its supplier, Transmission, effective April 1, 1981.

In the notice, Elam also requested that they be excused from making refunds and purchased gas reductions that should have been applied for in the period from September 1980 to date.

The Notice set out certain revisions in rates which the Applicant proposed to place in effect, said rates being designed to increase the cost of natural gas of its supplier in the amount of \$14,632.68.

In its application filed March 26, 1981, Elam requested a waiver of any requirement to refund to its customers \$6,059.01 received from its supplier, Transmission. In addition, during the audit of books, it was discovered that the supplier rate reflected in the Commission's Order in Case No. 7601 had not been the actual supplier rate for the months of September, 1980 to date. The auditor accrued this and has reflected it on the books as a negative unrecovered purchased gas cost in the amount of \$2,056.14 for the four months from September, 1980 to December, 1980. The auditor also discovered that Elam had over refunded to its customers under prior refund Orders in the amount of \$970.30. In addition, Elam's supplier rate was increased effective March 1, 1980, and a Purchased Gas Adjustment was not timely filed, so Elam will have an additional loss resulting from this.

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

1. That Elam had received, from its supplier, refunds in the amount of \$4,537.98 in October 1980 and \$1,521.03 in February 1981, and had received purchased gas reductions from their supplier that were not applied for.

2. That the matter of the refunds and the purchased gas reductions will require further study and, therefore, will be considered in a subsequent order.

3. That this increase reflects Transmission's rates as filed with FERC on March 13, 1981, and to be effective April 1, 1981.

4. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the Federal Energy Regulatory agency in approving these supplier increases. 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.

5. The Federal Energy Regulatory Commission approval of a wholesale rate increase to a Kentucky gas retailer requires approval by the Commission of rates that will permit the Kentucky utility to adjust its customer charges to reflect the added purchase cost, or alternately the utility must absorb the added cost. 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 unjust to the Company and would ultimately result in higher rates to their consumers in any event.

6. When the FERC "accepts" Transmission's filing, Transmission will begin charging the Applicant the new rates. This Order cannot be implemented until and unless this occurs.

7. That the application filed March 26, 1981 does not provide the Commission with the twenty day statutory notice and therefore, the rates should become effective on April 15, 1981.

8. That the Commission should allow the applicant to place into effect, subject to refund, the rates set out in Appendix "A" as soon as the Columbia filing is "accepted" by FERC, but not prior

to April 15, 1981.

IT IS THEREFORE ORDERED that insofar as additional time is necessary to study the reasonableness of the Applicant's request regarding certain refunds and purchased gas reductions, no decision will be made at this time, but the matter will be considered in a subsequent Order.

IT IS FURTHER ORDERED that said Purchase Gas Adjustment sought by the Applicant and adjusted as aforesaid mentioned be and the same is hereby approved to be effective subject to refund, with gas supplied on and after the date the increase cost of wholesale gas becomes effective, as set out in Appendix "A" attached hereto and made a part hereof, but not prior to April 15, 1981.

IT IS FURTHER ORDERED that Elam Utility Company shall maintain its records in such manner as will enable it or the Commission or any of its customers to determine the amount to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the Purchased Gas Adjustment Clause of the Applicant the Base Rate for purchased gas shall be:

Commodity

Columbia Gas Transmission Corporation

Schedule SGS

\$2.8908 per MCF

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on March 26, 1981, constitutes full compliance with the Commission's Order in Case No. 7801 and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

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.

Done at Frankfort, Kentucky, this 29th day of April, 1981.

PUBLIC SERVICE COMMISSION


By the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 7601-D Dated
APRIL 29, 1981

The following rates are prescribed for the customers in the area served by Elam Utility Company. 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.

Rates: Monthly

Customer Charge	\$3.00
First 11 MCF	\$4.60
Over 11 MCF	\$5.60

PURCHASED GAS ADJUSTMENT CLAUSE

<u>Supplier</u>	<u>Rate</u>
Columbia Gas Transmission Corporation	\$2.8908 per MCF