

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

MOTION TO ADJUST RATES IN)
ACCORDANCE WITH PURCHASED)
GAS ADJUSTMENT CLAUSE OF) CASE NO. 5743-Q
PHELPS GAS COMPANY, INC.)

O R D E R

On December 20, 1972, the Commission issued its Order in Case No. 5743 approving certain rates and providing, under certain conditions, for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On November 30, 1981, Phelps Gas Company, Inc., ("Phelps") notified the Commission that its wholesale cost of gas was decreased by its supplier Columbia Gas of Kentucky, Inc., ("Columbia"). Phelps has proposed to place their revised rates into effect on and after December 20, 1981.

Phelps filed with its notice of November 30, 1981, a method to refund to its customers \$186.90 by credit on its billings. Phelps proposes to refund this amount to its customers over a 2-month period in accordance with the refund provisions of Phelps' purchased gas adjustment clause beginning on and after December 20, 1981, said adjustment being designed to pass on to its customers a reduction in the amount of \$0.01 per Mcf during December 1980 and adjusting this factor during January 1982 to insure that the total amount will be refunded to its customers.

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

(1) Phelps has applied an adjustment for line loss in the amount of 5 percent. In all the previous purchased gas adjustment cases related to Case No. 5743, Phelps failed to adjust for any line loss and passed on to its customers the increase cost of wholesale gas based on the increase per Mcf to them from their supplier. The 5 percent line loss adjustment is a proper adjustment and should be included in this purchased gas adjustment.

By allowing Phelps the adjustment for line loss the results will be an increase to the consumers in the amount of approximately \$476 annually.

(2) Phelps' supplier has filed revised rates and said rates will become effective on and after December 20, 1981.

(3) Phelps has \$186.90 to be refunded to its customers.

(4) The said refund should remain in effect for 2 months or until such time as the full amount, plus interest, has been returned to its customers.

(5) Phelps should refund the amount reported in its application, plus interest at a rate equal to the average of the "Three Month Commercial Paper Rate" for the immediately preceding 12-month period less 1/2 of 1 percent to cover the cost of re-funding. These monthly rates are reported in both the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

IT IS THEREFORE ORDERED that the purchased gas adjustment sought by Phelps be and the same is hereby approved.

IT IS FURTHER ORDERED that the rates contained in Appendix A be and are hereby approved, effective for gas supplied on and after December 20, 1981.

IT IS FURTHER ORDERED that for the purpose of the future application of the purchased gas adjustment clause of Phelps, the base rate for purchased gas shall be:

	<u>Commodity</u>
Columbia Gas of Kentucky, Inc.	\$4.127 per Mcf

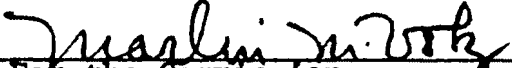
IT IS FURTHER ORDERED that Phelps apply a refund factor in the amount of \$0.01 per Mcf during December 1981 and adjust said factor during January 1982 to assure the full amount plus interest, will be returned to its customers. The refund factor will terminate at such period of time that the refundable amount equals the refund herein reported, plus interest.

IT IS FURTHER ORDERED that the information furnished this Commission by Phelps in this case constitutes full compliance with the Commission's Order in Case No. 5743, and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

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

Done at Frankfort, Kentucky, this 6th day of January, 1982.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 5743-Q DATED
JANUARY 6, 1982

The following rates are prescribed for the customers in the area served by Phelps Gas 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.

RATES:

First	1 Mcf	\$7.187 Minimum Bill
Next	49 Mcf	4.937 per Mcf
Over	50 Mcf	4.787 per Mcf