

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of

PURCHASED GAS ADJUSTMENT)
FILING OF WESTERN) CASE NO. 8227-C Amended
KENTUCKY GAS COMPANY)

O R D E R

On October 9, 1981, the Commission issued its Order in Case No. 8227, 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 or decreased.

On January 4, 1982, Western Kentucky Gas Company ("Western"), in Case No. 8227-C, filed a notice of a purchased gas adjustment to reflect an increase in rates by one of its suppliers, Texas Gas Transmission Corporation ("Texas Gas"). The Commission, on January 26, 1982, issued its Order approving the increase effective February 1, 1982.

On February 5, 1982, Texas Gas filed Substitute Thirty - Sixth Revised Sheet No. 7 to its FPC Gas Tariff, Third Revised Volume No. 1. The purpose of this filing is to reflect downward modifications in the rates of two of Texas Gas' pipeline suppliers,

Texas Eastern Transmission Corporation ("Texas Eastern") and United Gas Pipe Line Company ("United"). The Federal Energy Regulatory Commission ("FERC") Order issued January 29, 1982, in Docket TA 82-1-18-001 accepted Texas Gas' February 1, 1982, PGA rates subject to the condition that they reflect any downward modifications in the Texas Eastern and United PGA rates. Western is currently reflecting the reduced rates in its billings. Therefore, no refund obligation will result from this change in rates.

As a result of this revision, the increased cost of gas is \$13,887,199 rather than the \$14,542,631 originally filed in Case No. 8227-C. The increase in the purchased gas adjustment is \$.3519 per Mcf instead of \$.3686 per Mcf originally requested.

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

(1) The Public Service Commission is being asked to approve a price increase already approved by FERC when it granted Western's supplier, Texas Gas, 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 Western 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 FERC 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) Western's supplier, Texas Gas, has filed revised tariff sheets reflecting an increase in rates with the FERC and said increase is to become effective February 1, 1982.

(3) The amended application filed February 10, 1982, reflected Texas Gas' rates as filed with the FERC to be effective February 1, 1982.

(4) The magnitude of this filing exposes Western to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

(5) The Commissioner should waive its policy of requiring evidence of FERC acceptance in this case and allow Western to place into effect, subject to refund, the rates in Appendix A.

(6) Western's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8227, dated October 9, 1981, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

(7) Western's Base Supplier Rate for purchased gas will be as follows:

	<u>Demand/Mcf</u>	<u>Commodity</u>
Texas Gas Transmission Corporation		
G-2	\$2.36	\$3.0341
G-3	2.78	3.0829
G-4	3.15	3.1202
Tennessee Gas Pipeline Company		
	<u>Commodity</u>	<u>Gas Rate</u>
G-2	\$.3194	\$2.7145
GS-2	.6673	2.7145
Local Producers		\$3.1736

(8) Western's adjustment in rates under the purchased gas adjustment clause, as set out in Exhibit D, page 1 of its notice herein, in the amount of 35.19 cents per Mcf, is fair, just and reasonable and in the public interest and should be allowed to become effective for service rendered on and after the date the increased cost of wholesale gas becomes effective,

IT IS THEREFORE ORDERED that said purchased gas adjustment sought by Western, as set forth in Exhibit D, page 1 of its notice, be and hereby is approved to be effective for service rendered on and after the date the increased cost of wholesale gas becomes effective, subject to refund, for all customers in Appendix A, attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Western shall maintain its records in such a manner as will enable it, 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 for the purpose of the future application of the purchased gas adjustment clause of Western, the base rate for purchased gas shall be:

	<u>Demand/Mcf</u>	<u>Commodity/Mcf</u>
Texas Gas Transmission Corporation		
G-2	\$2.36	\$3.0341
G-3	2.76	3.0829
G-4	3.15	3.1202
	<u>Commodity</u>	<u>Gas Rate</u>
Tennessee Gas Pipeline Company		
G-2	\$.3194	\$2.7145
GS-2	.6673	2.7145
Local Producers	-	\$3.1736

IT IS FURTHER ORDERED that the information furnished this Commission by Western on February 10, 1982, constitutes full compliance with the Commission's Order in Case No. 8227, 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 from the date of this Order, Western shall file with the Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 2nd day of March, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Vob
For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8227-C AMENDED DATED
MARCH 2, 1982

The following rates are prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect prior to the date of this Order.

RATES:

Applicable to all rate schedules

Purchased Gas Adjustment

To each bill rendered under all rate schedules there shall be added an amount equal to: 43.62 cents per Mcf of gas used during the billing period.