

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF WESTERN) CASE NO. 8227-F
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 June 8, 1982, Western Kentucky Gas Company ("Western") filed with the Commission its notice of an increase in rates from one of its suppliers, Tennessee Gas Pipeline Company ("Tennessee Gas").

On May 28, 1982, Tennessee Gas filed Fourth Revised Sheet No. 21 and Fifth Revised Sheet No. 20 to Original Volume No. 1 of its FERC Gas Tariff pursuant to Tariff Rate Adjustment Provisions (Docket Nos. TA82-2-9). The purpose of this filing is to reflect purchased gas costs pursuant to Sections 2 and 3 of Article XXIII, for rate adjustments for curtailment credits pursuant to Section 9 of Article XXIV, an R & D rate adjustment, and Estimated Incremental Pricing Surcharges pursuant to Section 2 of Article XXIX. Tennessee Gas proposed that the revised tariff sheets become effective on July 1, 1982.

The increase in the cost of gas to Western based on the 12-month period ended April 30, 1982, is \$2,120,260.

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 the FERC when it granted Western's supplier, Tennessee 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. The Commission has (in writing) indicated its opposition to the procedures and regulations used by FERC since 1975 to approve 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.

(2) Western's supplier, Tennessee Gas, has filed revised tariff sheets with FERC reflecting an increase in rates to become effective July 1, 1982.

(3) The application filed June 8, 1982, reflected Tennessee Gas' rates as filed with the FERC, to be effective July 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 Commission 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 clause, as set out in Exhibit D, page 1 of its notice herein, in the amount of 50.36 cents per Mcf, is fair, just and reasonable, in the public interest, and should be allowed to become effective subject to refund for service rendered on and after July 1, 1982.

(7) Western's Base Supplier Rate of purchased gas should be as follows:

	<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	.3644	\$3.0947
GS-2	.7739	3.0947
Local Producers	--	3.1736

IT IS THEREFORE ORDERED that the purchased gas adjustment contained in Appendix A be and hereby is approved to be effective subject to refund on and after July 1, 1982.

IT IS FURTHER ORDERED that Western shall maintain its records in such manner as will enable it, or 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 of 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	\$.3644	\$3.0947
GS-2	.7739	3.0947
Local Producers	--	3.1736

IT IS FURTHER ORDERED that the information furnished this Commission Western on June 8, 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 this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 18th day of June, 1982.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8227-F DATED JUNE 18,
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 under authority of the Commission 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: 50.36 cents per Mcf of gas used during the billing period.