

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

JOHNSON COUNTY GAS COMPANY, INC.,     )  
VAN LEAR, KENTUCKY 41265,            )  
APPLICATION FOR AUTHORITY TO ADJUST    ) CASE NO. 8235  
RATES ON AN EMERGENCY BASIS            )

I N T E R I M  
O R D E R

On May 5, 1981, Johnson County Gas Company, Inc., ("Johnson County") filed an application with the Commission seeking approval of an increase in rates charged for natural gas service. On October 29, 1981, the Commission issued an Order authorizing Johnson County to place the rates and charges in Appendix A to that Order into effect for service on and after the date of the Order. Johnson County applied those rates to bills issued on November 1, 1981, for service from September 15, 1981, to October 15, 1981, and to subsequent bills.<sup>(1)</sup> A hearing was held on this matter on January 5, 1982. The Consumer Protection Division of the Attorney General's Office and Columbia Gas of Kentucky, intervened and were present.

The rates in effect prior to October 29, 1981, authorized in Case No. 7059-DD, should have been applied to Johnson County's

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(1) Transcript of evidence, January 5, 1982, p. 5.

November 1, 1981, billing for service from September 15, 1981, to October 15, 1981. The December 1, 1981, billing for service from October 15, 1981, to November 15, 1981, should have been calculated applying Case No. 7059-DD rates to service prior to October 29, 1981, Case No. 8235 rates to service for October 29 to October 31, and Case No. 8235-A rates to subsequent service. In the Commission's opinion a fair and reasonable way of estimating the December 1, 1981, bills is to first separately calculate each customer's bill at 7059-DD rates and at 8235-A rates, and then add the two separately calculated bills and divide the sum by 2. The Commission is of the opinion that amounts billed on November 1, 1981, and December 1, 1981, in excess of bills calculated, as set forth above should be refunded to Johnson County's customers by a credit on the next bill rendered after the date of this Order. The refund should include interest from date of receipt to date of credit on amounts actually collected in excess of the approved rates.

Since October 29, 1981, the interest rate on commercial paper has averaged approximately 12 percent.<sup>(2)</sup> The Commission is of the opinion that the refund should include interest at this rate less  $\frac{1}{2}$  of 1 percent to cover the cost of refunding or 11  $\frac{1}{2}$  percent.

The Commission, after consideration of the evidence of record and being advised, finds that:

(1) Rates authorized for service on and after October 29, 1981 were billed by Johnson County for service rendered from September 15, through October 28, 1981.

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(2) Federal Reserve Statistical Release.

(2) Johnson County's authorized rates for service rendered from September 15 to October 28, 1981, were those approved in Case No. 7059-DD.

(3) Johnson County should credit to each customer's account amounts billed in November and December, in excess of the rates authorized in Case No. 7059-DD, for service rendered from September 15 through October 28, 1981.

(4) Interest calculated at 11½ percent per annum should be credited to the account of each customer who actually paid these unauthorized charges.

(5) Late payment penalties assessed against the customer for failure to pay the unauthorized rates billed in November and December should be credited to each customer's account.

(6) Johnson County should credit each customer's account at the next billing date after the date of this Order.

IT IS THEREFORE ORDERED that Johnson County credit to each customer's account all rates and charges billed in excess of those approved in Case No. 7059-DD for the period September 15, 1981, through October 28, 1981, together with interest on amounts collected and any penalties assessed for non-payment of November and December bills.

IT IS FURTHER ORDERED that Johnson County shall credit each customer's account for the amount to be refunded on the first monthly billing subsequent to the date of this Order.

IT IS FURTHER ORDERED that Johnson County shall within 60 days of the date of this Order submit a certificate of compliance stating that the refund has been completed, including a printout of the billing journal showing the credit to each customer's account required to effect the refund.

Done at Frankfort, Kentucky, this 1st day of February, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Bohy  
Chairman

Katharine Randall  
Vice Chairman

Jim Carigan  
Commissioner

ATTEST:

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Secretary