

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the Matter of:

PURCHASED GAS ADJUST- )  
MENT FILING OF CAPITOL ) CASE NO. 6741-D  
OIL AND GAS COMPANY )

O R D E R

On February 21, 1978, the Commission issued its Order in Case No. 6741 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 February 9, 1983, Capitol Oil and Gas Company ("Capitol") notified the Commission that its wholesale cost of gas would be increased by two of its suppliers and decreased by one of its suppliers and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission. After reviewing the initial filing, the Commission decided that an investigation would be necessary in order to determine the reasonableness of the wholesale rates and that such investigation could not be completed prior to the expiration of the required 20-day notice period. On March 3, 1983, the Commission ordered that the purchased gas adjustment filing be suspended for a period of 5 months on and after March 1, 1983.

On March 17, 1983, an information request was issued to Capitol concerning its application of severance tax to its wholesale rates. On April 5, 1983, Capitol responded to this request by filing revised exhibits which eliminated its application of severance tax.

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

(1) Effective June 16, 1981, Capitol's wholesale cost of gas was increased by its supplier, Holly Creek Production Corporation, in the amount of \$0.28 per Mcf.

(2) On July 14, 1982, Capitol entered into a gas sales agreement with Panbowl Production Company to purchase gas at a wholesale rate of \$3.30 per Mcf which results in an increase of \$1.30 per Mcf.

(3) During January, 1983, Capitol received notification of a wholesale decrease from its supplier, Capitol Producing, in the amount of \$0.236 per Mcf.

(4) Capitol's revised exhibits of April 5, 1983, set out certain revisions in rates which Capitol proposed to place into effect, said rates being designed to pass on the wholesale increase in price in the amount of \$101,399.

(5) In a response to the Commission's information request, Capitol withdrew its request for the application of severance tax to its wholesale rates.

(6) Capitol's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its

Order in Case No. 6741, dated February 21, 1978, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after the date of this Order.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after the date of this Order.

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

	<u>Demand</u>	<u>Commodity</u>
Holly Creek Production Corporation	-	\$ 0.45 per Mcf
Panbowl Production Company	-	3.30 per Mcf
Capitol Producing	-	3.00 per Mcf

IT IS FURTHER ORDERED that within 30 days of the date of this Order Capitol shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 31st day of May, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

\_\_\_\_\_  
Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 6741-D DATED MAY 31, 1983

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

RATES: Monthly

First 2 MCF	\$ 4.08 per MCF
Over 2 MCF	4.08 per MCF

The minimum monthly charge is \$5.00 which entitles the customer to less than 2 MCF of gas.