

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF VALLEY) CASE NO. 6902-0
GAS, INC.)

O R D E R

On February 12, 1978, the Commission issued its Order in Case No. 6902 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 or a refund is received.

On July 19, 1983, Valley Gas, Inc., ("Valley") notified the Commission that its wholesale cost of gas would be decreased by its supplier, Texas Gas Transmission Corporation ("Texas Gas"), and that it had received a refund. It submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

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

1. Valley's notice of July 19, 1983, set out certain revisions in rates which Valley proposed to place into effect, said rates being designed to pass on two

wholesale decreases in price from its supplier in the combined amount of \$15,931 and a refund from Texas Gas of \$2,742.

2. Valley's wholesale cost of gas was decreased by Texas Gas effective April 1, 1983, in the amount of 6.68 cents per Mcf. Valley did not file an application for permission to track this decrease, resulting in an overcollection from its customers. Valley should report to the Commission the amount overcollected from its customers during the period April 1, 1983, to the date the proposed rates are implemented, along with a plan to refund the same amount to its customers.

3. Texas Gas has filed an application for decreased rates to become effective August 1, 1983, with the Federal Energy Regulatory Commission in the amount of 21.89 cents per Mcf.

4. Valley has received a refund in the amount of \$2,742 from its supplier. A refund factor of 4.92 cents per Mcf should be used as a reduction in the purchased gas adjustment for a period of 12 months or until such time as the full amount plus interest has been refunded to Valley's customers. The refund should begin with meter readings taken on August 1, 1983, or as soon as practical thereafter.

5. Valley should refund the amounts reported in its application plus interest at a rate equal to the average of the "3-Month Commercial Paper Rates" for the immediately preceding 12-month period less 1/2 of 1 percent to cover the costs of refunding. These monthly rates are reported in the

Federal Reserve Bulletin and the Federal Reserve Statistical Release.

6. Valley's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 6902 dated February 12, 1978, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after August 1, 1983.

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 August 1, 1983.

IT IS FURTHER ORDERED that Valley shall apply a refund factor in the amount of 4.92 cents per Mcf as a reduction in the approved purchased gas adjustment beginning with meter readings taken on August 1, 1983, or as soon as practical thereafter; this refund factor shall remain in effect until such time as necessary so that the total amount refunded will, as nearly as possible, reflect the amount received. The refund factor will terminate when the amount refunded equals the refund herein reported plus interest.

IT IS FURTHER ORDERED that within 30 days from the date the refund factor is terminated Valley shall file with this Commission a summary statement showing a reconciliation of customer billings and the amount refunded.

IT IS FURTHER ORDERED that within 60 days of the date of this Order Valley shall report to the Commission any excess revenues collected during the period from April 1,

1983, to the date the proposed rates are implemented, along with a plan to refund any excess collections.

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

Done at Frankfort, Kentucky, this 8th day of August, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 6902-0 DATED August 8, 1983

The following rates and charges are prescribed for the customers served by Valley Gas, 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: Monthly

APPLICABLE TO: GAS RATE SCHEDULE 1

PURCHASED GAS ADJUSTMENT:

To each bill rendered under the above named rate schedule there shall be deducted an amount equal to 3.349¢ per 100 cubic feet of gas used during the billing period.

The base rate for the future application of the purchased gas adjustment clause of Valley Gas, Inc., shall be:

	<u>Commodity</u>
Texas Gas Transmission Corporation	389.72¢ per Mcf