

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF PUBLIC) CASE NO. 8186-D
GAS COMPANY)

INTERIM ORDER

On November 13, 1981, the Commission issued its Order in Case No. 8186 approving certain rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On November 9, 1978, the Natural Gas Policy Act of 1978 was signed into law which established significantly higher rates for producers of certain categories of natural gas. This federal legislation allows producers, after proper application, to classify certain gas wells as "stripper" wells and increase the cost of gas produced. Once the Federal Energy Regulatory Commission ("FERC") classifies the producer's well as a stripper well and the producer increases the cost of gas to the distribution company, state commissions must, in turn, allow the distributors to pass their increased costs on to their customers by adjusting the base rates.

On December 27, 1982, Public Gas Company ("Public") filed Case No. 8186-C, wherein it requested to increase its rates in accordance with natural gas ceiling prices for stripper well gas effective December 1982. On January 3, 1983, Public filed Case No. 8186-D, wherein it requested to increase its rates in accordance with the natural gas ceiling prices for stripper well gas effective January 1983.

After reviewing the filings made by Public, the Commission found that an investigation would be necessary to determine the reasonableness of the proposed rates. On January 14, 1983, the Commission suspended the rates in Case Nos. 8186-C and 8186-D for 5 months.

On January 17, 1983, Public filed a motion seeking approval of the rates sought in the above matters on an interim emergency basis until a final Order can be issued.

After reviewing the aforementioned notices and being advised, the Commission is of the opinion and finds that:

(1) The full 5-month suspension of the rates sought by Public could materially affect its credit and impair its ability to operate; therefore, the interim rates should be approved, subject to refund.

(2) Due to the proximity of the effective dates of 8186-C and 8186-D, the rates in the former have been superseded by the interim rates granted in 8186-D. Accordingly, no action will be taken on the purchased gas adjustment requested in 8186-C.

(3) Public's notice of January 3, 1983, set out certain adjustments in retail rates to be effective with gas supplied on and after January 16, 1983. The adjustments are designed to charge the stripper well price effective January 1, 1983, which results in an increase in the amount of \$9,755 or \$0.0943 per Mcf.

(4) Public did not provide the Commission with the 20-day statutory notice; therefore, the rates in Appendix A will become effective on and after January 24, 1983, subject to refund.

(5) Public's adjustment in rates under the purchased gas adjustment clause approved by the Commission in its Order in Case No. 8186 dated November 13, 1981, is fair, just and reasonable and should be approved on an interim basis, effective with gas supplied on and after January 24, 1983, subject to refund.

IT IS THEREFORE ORDERED that the rates in Appendix A be and they hereby are approved, effective for gas supplied on and after January 24, 1983, subject to refund.

IT IS FURTHER ORDERED that within 30 days after the date of this Order, Public shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 10th day of February, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8186-D DATED February
10, 1983.

The following rates are prescribed for the customers in the area served by Public 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: Monthly

First 1 Mcf

\$6.7978 Minimum Bill

Over 1 Mcf

5.6778 per Mcf