

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A PURCHASED GAS ADJUSTMENT )  
FILING OF WESTERN KENTUCKY ) CASE NO. 8227-L  
GAS COMPANY )

ORDER

On October 9, 1981, the Commission entered 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, decreased or a refund is received.

On February 4, 1983, Western Kentucky Gas Company ("Western") filed its notice with the Commission stating that it has accumulated miscellaneous refunds, which individually are too small to result in a meaningful refund factor, but collectively result in a significant refund.

The refunds are the result of retroactive rate reductions by Western's suppliers; payments received from Tennessee Gas Pipeline Company ("Tennessee Gas") resulting from billing adjustments received by Tennessee Gas from its producer - suppliers; a credit from Texas Gas Transmission Corporation resulting from a retroactive rate reduction; and the estimate of over-tracking due to a Tennessee Gas retroactive rate reduction.

The total refundable amount in the filing is \$146,714. Western proposes to refund this amount to its customers over a period of 4 months in accordance with the refund provision of its purchased gas adjustment clause beginning with meter readings taken on March 1, 1983. Western's adjustment is designed to pass on to its customers a reduction of \$0.0122 per thousand cubic feet of gas. This adjustment should be eliminated when the full amount to be refunded, plus interest, has been returned to Western's customers.

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

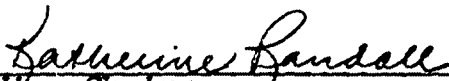
- (1) Western has refunds in the amount of \$146,714 from its suppliers to be refunded to its customers.
- (2) A refund factor of \$0.0122 per thousand cubic feet of gas should be used as a reduction in the purchased gas adjustment.
- (3) The refund factor should remain in effect for 4 months or until such time as the full amount plus interest has been returned to Western's customers.
- (4) The refund should begin with meter readings taken on March 1, 1983, or as soon as practical thereafter.
- (5) Western 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 both the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

IT IS THEREFORE ORDERED that Western Kentucky Gas Company shall apply a refund factor in the amount of \$0.0122 per thousand cubic feet of gas as a reduction in the approved purchased gas adjustment beginning with Western's next billing cycle, or as soon as practical, and 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.

Done at Frankfort, Kentucky, this 22nd day of February, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary