

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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

O R D E R

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 or decreased or a refund is received.

On April 4, 1983, Western Kentucky Gas Company ("Western") filed its notice with the Commission stating that it has received refunds from Texas Gas Transmission Corporation ("Texas Gas") and Tennessee Gas Pipeline Company ("Tennessee Gas") that are due its customers. The refunds are the result of a retroactive rate reduction by Texas Gas and payment received from Tennessee Gas resulting from billing adjustments received by Tennessee Gas from its producer-suppliers.

The total refundable amount in the filing is \$102,747. 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 May 1, 1983. Western's adjustment is

designed to pass on to its customers a reduction of \$0.014 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 \$102,747 from its suppliers to be refunded to its customers.

(2) A refund factor of \$0.014 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 May 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.

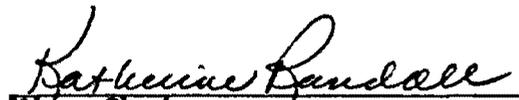
IT IS THEREFORE ORDERED that Western Kentucky Gas Company shall apply a refund factor in the amount of \$0.014 per thousand cubic feet of gas as a reduction in the approved

purchased gas adjustment beginning with meter readings taken on May 1, 1983, or as soon as practical thereafter, 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 14th day of April, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary