

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF) CASE NO. 6602-W
EQUITABLE GAS COMPANY)

O R D E R

On December 8, 1976, the Commission issued its Order in Case No. 6602, 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 9, 1984, Equitable Gas Company ("Equitable") notified the Commission that its wholesale cost of gas would be decreased by its supplier, Kentucky West Virginia Gas Company ("Kentucky West"), effective May 1, 1984, 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) Equitable's notice of April 9, 1984, set out certain revisions in rates which Equitable proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its supplier in the amount of \$470,711 or 69.07 cents per Mcf.

(2) Kentucky West has filed an application for decreased rates to become effective May 1, 1984, with the Federal Energy Regulatory Commission.

(3) Equitable has a refund in the amount of \$82,203 from its supplier. A refund factor of \$0.1216 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 Equitable's customers. The refund should begin with meter readings taken on May 1, 1984, or as soon as practical thereafter.

(4) Equitable should refund the amount 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 cost of refunding. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

(5) Equitable's proposed rates also reflect the expiration of two refund credits of \$0.2743 and \$0.5661 per Mcf that have been in effect since March 1 and April 1, 1983, respectively. These refund credits were approved in Case Nos. 6602-S and 6602-T.

(6) The net effect of the wholesale decrease, supplier refund, and elimination of two refund credits is an increase of 2.81 cents per Mcf.

(7) Equitable's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 6602 dated December 8, 1976, is fair, just and

reasonable and in the public interest and should be effective with gas supplied on and after May 1, 1984.

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 May 1, 1984.

IT IS FURTHER ORDERED that the authorized rates shall include a refund factor of \$0.1216 per Mcf as a reduction in the approved purchased gas adjustment beginning with meter readings taken on May 1, 1984, 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.

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

IT IS FURTHER ORDERED that the refund factors of \$0.2743 per Mcf established in Case No. 6602-S and \$0.5661 per Mcf established in Case No. 6602-T shall be eliminated as they have been in effect a full 12 months. Equitable shall file a summary statement showing a reconciliation of customer billings and the amount refunded within 30 days of the date of this Order.

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

Done at Frankfort, Kentucky, this 25th day of April, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 6602-W DATED April 25, 1984.

The following rates and charges are prescribed for the customers served by Equitable 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 | \$4.3060 per Mcf |
| Next | 18 Mcf | 4.1210 per Mcf |
| Next | 30 Mcf | 4.0660 per Mcf |
| Next | 50 Mcf | 4.0160 per Mcf |
| All Over | 100 Mcf | 3.9660 per Mcf |

These rates include a refund factor of \$0.1216 per Mcf effective May 1, 1984, and continuing for 12 months or until Equitable has discharged its refund obligation from Case No. 6602-W.

The base rate for the future application of the purchased gas adjustment clause of Equitable Gas Company shall be:

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|------------------------------------|-----------------------------------|
| Kentucky West Virginia Gas Company | <u>Commodity</u> \$3.6759/dth* |
|------------------------------------|-----------------------------------|

*Including \$0.0125 Gas Research Institute Funding Charge