

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF PUBLIC GAS)
COMPANY FOR A PURCHASED GAS) CASE NO. 8186-G
ADJUSTMENT)

and

APPLICATION OF PUBLIC GAS)
COMPANY FOR A PURCHASED GAS) CASE NO. 8186-H
ADJUSTMENT)

ORDER

On January 20, 1984, Public Gas Company ("Public") filed a motion for reconsideration of the Commission's Order of January 6, 1984, which denied Public's request for expedited treatment of this case.

Public first argues that this is not a "rate case" and should, therefore, not be subject to the normal 5 month and 20 days schedule. However, the impact of a PGA filing on Public's customers is to require them to pay more money for the gas they consume. The end result of a PGA filing is thus the same as a full blown rate case - higher rates for the consumer. The Commission has a statutory obligation to insure that every rate increase requested (whether through a formal rate case or a PGA filing) is just and reasonable. When, as in the present case,

the Commission determines that the increase sought by a gas utility through a PGA clause may represent imprudent gas purchases on the part of the distribution company, then the Commission has the right (and obligation) to suspend the normal PGA procedure and enter into a full evidentiary hearing in the matter.


In the Commission's January 6, 1984, Order it was emphasized that a strong showing of impairment to a utility's financial integrity must be made in order to qualify for expedited treatment in any rate proceeding. In its motion for reconsideration, Public simply states that if it is not allowed to recover the increased cost of its purchased gas, "its financial integrity will obviously be impaired." (Motion, p. 2.) Unfortunately, it is not quite so "obvious." For example, Public's current financial condition may be such that it could easily absorb the small increase in its purchased gas cost. Moreover, the interlocking ownership of Public and its supplier, Pan Bowl, may well obviate the need for Public to even pay Pan Bowl for the increase until after PSC approval. In short, the bare assertion of "impairment of financial integrity" is simply insufficient to invoke the extraordinary remedy of expedited treatment of a rate proceeding.

Finally, Public requests that the Commission at least set a hearing date for this case. Public's request on this point is reasonable and the Commission will, therefore, set a hearing date in a subsequent Order to be issued in the near future.

For all of the above stated reasons and being advised, the Commission HEREBY ORDERS that Public Gas Company's motion for reconsideration be, and it hereby is, denied.

Done at Frankfort, Kentucky, this 9th day of February, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary