

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE BY ELAM UTILITY COMPANY,)
INC., TO INCREASE ITS RATES FOR)
GAS SERVICE: MOTION FOR INTERIM) CASE NO. 8929
RATE RELIEF)

I N T E R I M O R D E R

On November 1, 1983, Elam Utility Company, Inc., ("Elam") filed its notice with the Commission requesting a general adjustment of rates for gas service and an interim rate adjustment pursuant to KRS 278.190(2). A public hearing was held for the purpose of addressing Elam's request for interim rate relief at the Commission's offices in Frankfort, Kentucky, on December 8, 1983, with the Consumer Protection Division in the Office of the Attorney General intervening in the matter. In this Order the Commission has granted Elam's request for interim rate relief of \$15,535.

FINDINGS

Elam's notice and request for interim rate relief substantially complied with the Commission's general guidelines regarding requests for interim rate relief. Using its actual sales and expense levels for the period from November 1982 through April 1983 Elam projected its operating results for the period from November 1983 through April 1984. This 6-month period was

selected as the normal length of time that would pass before the Commission would rule on the request for general rate relief. Elam projected that it would experience a negative cash flow of approximately \$13,300 over these 6 months which it proposed to recover over the 4 months from January 1984 through April 1984. In response to the Commission's requests for information Elam made corrections to its calculations which resulted in a projected negative cash flow of \$15,535.

The primary reason for this deficient cash position is the amount due Elam's primary wholesale supplier, Columbia Gas Transmission Corporation, for payments in arrears of approximately \$29,800. Since Elam's sales levels are greatest during the winter months, its immediate cash flow problems necessitate an increase in rates now, during its peak sales period. Accordingly, in the interest of maintaining a financially sound utility, the Commission will allow an interim rate increase to generate additional revenues of \$15,535 based on projected sales for the period January through April 1984. However, due to the effective date of these rates, the revenue generated will only partially offset Elam's negative cash flow.

SUMMARY

Based on Elam's financial condition, the Commission finds that an emergency exists and that Elam's credit and/or operations will be materially impaired unless an interim increase is granted prior to the final Order of the Commission in this proceeding.

Based on a review of Elam's application and its current financial condition, the Commission finds that Elam should be granted the interim rates in Appendix A of this Order. The Commission also finds that the interim rates should be subject to refund pending Elam's request for general rate relief.

IT IS THEREFORE ORDERED that Elam be and it hereby is authorized to place into effect the interim rates in Appendix A for service rendered on and after the date of this Order.

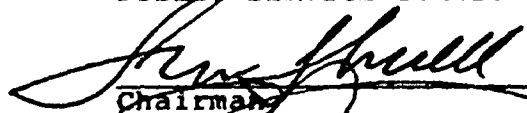
IT IS FURTHER ORDERED that the revenue from these interim rates shall be collected subject to refund.

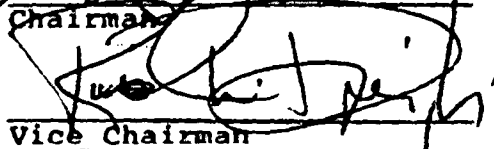
IT IS FURTHER ORDERED that Elam shall maintain its records in such a manner as will enable it, the Commission or any of its customers to determine the amounts to be refunded and to whom in the event a refund is ordered by the Commission.


IT IS FURTHER ORDERED that Elam shall furnish this Commission within 30 days from the date of this Order its revised tariff sheets setting forth the interim rates approved herein.

Done at Frankfort, Kentucky, this 20th day of January, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8929 DATED January 20, 1984.

The following language is prescribed for the customers in the area served by Elam Utility Company, Inc. 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.

Residential & Commercial

Customer charge	4.00
First 11 mcf	8.05 per mcf
Over 11 mcf	9.05 per mcf

Industrial

Customer Charge	4.00
All mcf	8.05 per mcf