

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 8839-L
KENTUCKY GAS COMPANY)

O R D E R

On December 1, 1983, the Commission issued its Order in Case No. 8839 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 February 8, 1985, Western Kentucky Gas Company ("Western") notified the Commission that it had received refunds from its supplier, Tennessee Gas Pipeline Company ("Tennessee Gas"), and that it had over-collections due its customers and 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) Western has received two refunds from Tennessee Gas totaling \$114,117 that should be returned to its customers. The refunds resulted from Btu Measurement Adjustments pursuant to the Federal Energy Regulatory Commission Order No. 399-A.

(2) Western reports excess revenues of \$25,893 collected during the period from September 18, 1984, through October 31, 1984. The over-collections were due to a retroactive rate change by Western's supplier, Texas Gas Transmission Corporation. The rate change was reflected in Case No. 8839-I which became effective November 1, 1984.

(3) A refund factor of \$0.0110 per Mcf should be used as a reduction in the purchased gas adjustment. 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. The refund should begin with meter readings taken on March 1, 1985, or as soon as practical thereafter.

(4) Western should refund the amount reported herein 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 the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

IT IS THEREFORE ORDERED that Western shall refund \$140,010 to its customers.

IT IS FURTHER ORDERED that Western shall apply a refund factor in the amount of \$0.0110 per Mcf as a reduction in the approved purchased gas adjustment beginning with meter readings taken on March 1, 1985, or as soon as practical thereafter, and remaining 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 of this Order Western shall file with this Commission its revised tariffs setting out the refund factor authorized herein. All other rates and charges shall remain in full force and effect.

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

Done at Frankfort, Kentucky, this 22nd day of February, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary