

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF) CASE NO. 8929-I
ELAM UTILITY COMPANY)

ORDER

On May 2, 1984, the Commission issued its Order in Case No. 8929 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 August 23, 1985, Elam Utility Company ("Elam") notified the Commission that its wholesale cost of gas would be decreased by its supplier, Columbia Gas Transmission Corporation ("Transmission") and increased by its supplier, Capitol Oil and Gas Company ("Capitol"). Elam submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

The Commission limits line loss for gas utilities to 5 percent. Thus, the sales volume used to compute the adjustment per Mcf should be a minimum of 95 percent of purchases.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) On July 31, 1985, Transmission filed decreased rates with the Federal Energy Regulatory Commission to be effective September 1, 1985.

(2) On August 20, 1985, Capitol notified Elam of a wholesale increase effective July 1, 1985.

(3) Elam's notice of August 23, 1985, set out certain revisions in rates which Elam proposed to place into effect, said rates being designed to pass on the overall decrease in gas costs from its suppliers in the amount of \$20,271 or 45 cents per Mcf.

(4) Elam experienced line loss of 5.6 percent based on the information supplied in its notice of August 23, 1985. The amount in excess of 5 percent is unreasonable and the purchase cost should not be recovered.

(5) The sales volume used to calculate the adjustment per Mcf to recover changes in gas cost should be a minimum of 95 percent of purchases or 44,724 Mcf, rather than the 44,432 Mcf used by Elam.

(6) Elam's proposed rates are unreasonable because they allow for the recovery of excessive line loss and, therefore, should not be allowed to be placed into effect.

(7) The adjustment in rates set out in the appendix to this Order under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8929, dated May 2, 1984, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after September 1, 1985.


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 September 1, 1985.


IT IS FURTHER ORDERED that Elam shall compute its adjustment in rates based on 95 percent of purchases when line loss exceeds the 5 percent found reasonable.

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

Done at Frankfort, Kentucky, this 13th day of September, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8929-I DATED 9/13/85

The following rates and charges are prescribed for the customers served by Elam Utility Company. 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.

RATES: Monthly

RESIDENTIAL & COMMERCIAL

| | |
|-----------------|--------------|
| Customer Charge | \$ 4.00 |
| First 11 Mcf | 7.76 per Mcf |
| Over 11 Mcf | 8.76 per Mcf |

INDUSTRIAL

| | |
|-----------------|--------------|
| Customer Charge | \$ 5.00 |
| All Mcf | 7.76 per Mcf |

The base rates for the future application of the purchased gas adjustment clause of Elam Utility Company shall be:

| | <u>Demand</u> | <u>Commodity</u> |
|---------------------------------------|---------------|------------------|
| Columbia Gas Transmission Corporation | - | \$4.4487 per Dth |
| Capitol Oil and Gas | - | 4.679 per Mcf |