

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF) CASE NO. 8186-J
PUBLIC GAS COMPANY, INC.)

O R D E R

On November 13, 1981, the Commission issued its Order in Case No. 8186 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 11, 1986, Public Gas Company, Inc., ("Public") notified the Commission that its wholesale cost of gas would be decreased by its supplier, Panbowl Production Company, Inc., ("Panbowl") effective April 15, 1986, 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) Public's notice of April 11, 1986, set out certain revisions in rates which Public proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its supplier in the amount of \$38,226 or 49.41 cents per Mcf.

(2) Public's wholesale cost of gas was lowered by Panbowl effective April 15, 1986.

(3) The rates proposed by Public in its application of April 11, 1986, were incorrect due to the fact that Public did not calculate its decrease in gas cost as it was instructed in its purchased gas adjustment clause. The decrease should be calculated as the difference between its most recent wholesale gas cost and its wholesale gas cost effective April 15, 1986; Public used the difference between its supplier rate effective at the time of its last rate case and its supplier rate effective April 15, 1986. The calculations of the wholesale gas cost decrease and the correct retail rates are contained in Appendix A to this Order. In the future Public should always calculate this decrease using its most recent supplier rate as the base rate.

(4) The Commission takes note of the fact that on December 29, 1984, Public entered into a new contract with Panbowl which lowered its wholesale rates. Public did not apply with this Commission to lower its retail rates accordingly. The rates in Appendix B to this Order should be approved, as they are correct in respect to all supplier changes since Public last filed a purchased gas adjustment. Public should provide, however, the rates it has charged its customers, by month, for each month beginning with December 1984 and ending April 15, 1986. If Public did not lower its rates charged to its customers in December 1984, it should also provide the amount of excess revenues collected during the specified period along with a plan to refund these overcollections to its customers.

(5) Public's adjustment in rates, as corrected, under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8186 dated November 13, 1981, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after April 15, 1986.

IT IS THEREFORE ORDERED that:

(1) The rates in Appendix B to this Order be and they hereby are authorized effective with gas supplied on and after April 15, 1986.

(2) In all future applications Public shall calculate its wholesale increases or decreases using its most recent supplier rates as the base rate, in compliance with its filed PGA clause.

(3) Within 7 days of the date of this Order Public shall provide the rates charged its customers for each of the 17 months beginning with December 1984 and ending April 15, 1986.

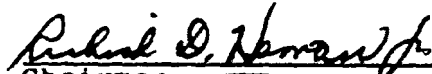
(4) Within 7 days of the date of this Order Public shall provide the amount of any overcollections resulting from its failure to lower its retail rates following the contract entered into with Panbowl in December 1984.


(5) Within 7 days of the date of this Order Public shall provide a plan to refund excess revenues, if in fact there were overcollections, to its customers.

(6) Within 30 days of the date of this Order Public shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 9th day of May, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8186-J DATED May 9, 1986.

Calculation of Supplier Decrease

Panbowl Rate in Effect from December 29, 1984, to April 14, 1986	\$4.3740/Mcf
Panbowl Rate in Effect April 15, 1986	<u>3.8799/Mcf</u>
Decrease, Wholesale	.4941/Mcf

Calculation of Correct Customer Charges

Rates in Effect from Case No. 8186-H (8186-I was Withdrawn by Public)	\$7.3343	
	6.2143	
Rates that Should have been Charged by Public Effective with December 29, 1984, Contract Price Reduction	\$7.1375*	
	6.0175	
Rates to be Effective April 15, 1986	\$7.1375	\$6.0175
	<u>- .4941</u>	<u>- .4941</u>
	\$6.6434	\$5.5234

*Contract Reduction: Previous Supplier Rate: \$4.5708
New Supplier Rate: 4.3740

Wholesale/Retail Decreases \$.1968

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8186-J DATED May 9, 1986.

The following rates and charges are prescribed for the customers served by Public Gas Company, Inc. 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 effective date of this Order.

RATES: Monthly

First 1 Mcf - Minimum Bill	\$6.6434 Per Mcf
All Over 1 Mcf	\$5.5234 Per Mcf