

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. 8562-U
PHELPS GAS COMPANY, INC.)

O R D E R

On December 8, 1982, the Commission issued its Order in Case No. 8562 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 13, 1986, Phelps Gas Company, Inc., ("Phelps") notified the Commission that its wholesale cost of gas had been decreased by its supplier Columbia Gas of Kentucky, Inc., ("Columbia") effective March 1, 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) Phelps' notice of February 13, 1986, set out certain revisions in rates which Phelps proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its supplier in the amount of \$2877 or 14.7 cents per Mcf.

(2) Phelps' wholesale cost of gas was decreased by Columbia effective March 1, 1986.

(3) Phelps miscalculated its proposed rates in its application; the correct rates are in the Appendix to this Order.

(4) Phelps' proposed adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8562 dated November 30, 1982, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after March 1, 1986.

(5) Phelps should submit copies of each gas purchase contract and all other agreements, options or similar such documents, and all amendments and modifications thereof related to the procurement of gas supply. Any changes in the documents, including price escalations or any new agreements entered into after the initial submission, should be submitted at the time they are entered into. Where gas is purchased from utility-owned or controlled sources, or the contract contains a price escalation clause, those facts should be noted and Phelps should explain and justify them in writing.

IT IS THEREFORE ORDERED that:

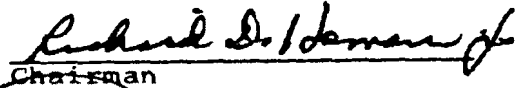
(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after March 1, 1986.

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

(3) Within 20 days of the date of this Order Phelps shall supply the contract information requested herein and comply with all provisions of that request.

Done at Frankfort, Kentucky, this 3rd day of March, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8562-U DATED 3/03/86

The following rates are prescribed for the customers served by Phelps Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

RATES: Monthly

First 1 Mcf	\$7.93 Minimum Bill
Over 1 Mcf	5.63 Per Mcf

The base rate for the future application of the purchased gas adjustment clause of Phelps Gas Company, Inc., shall be:

	<u>Commodity</u>
Columbia Gas of Kentucky, Inc.	\$4.404 per Mcf