

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF) CASE NO. 8735-E
B & H GAS COMPANY)

O R D E R

On May 31, 1983, the Commission issued its Order in Case No. 8735 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 July 14, 1988, B & H Gas Company ("B & H") filed with this Commission a proposal to institute the surcharge required to recover the cost of gas for 1987 from its supplier, Kentucky West Virginia Gas Company ("Ky. West"), effective September 1, 1988. B & H also notified the Commission that overcharges to its customers through its surcharge in effect during 1987 would necessitate a simultaneous refund mechanism, for which it also applied.

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

(1) B & H proposed to implement a surcharge in the amount of 46 cents per Mcf to recover the cost of gas from Ky. West not already recorded in its rates. The surcharge was calculated in accordance with Appendix B of Order 8735-D. The Commission notes,

however, that B & H divided its surcharge by sales beginning in August of 1987 instead of September of 1987. Correcting this calculation to include only months covered by the surcharge in 1988 yields a surcharge of 48 cents per Mcf.

(2) In 1987, B & H overcollected through its surcharge mechanism in the amount of \$3,858. The amount of the refund to return these overcollections should be 37 cents per Mcf. The net amount of the surcharge should therefore be 11 cents per Mcf.

(3) The surcharge and refund should begin September 1, 1988. The surcharge should continue until any undercollections resulting from the failure to change B & H's rates along with changes in Ky. West's rates are recovered. The refund should continue until all overcollections are returned.

(4) Within 30 days from the date the surcharge and refund are terminated, B & H should file a summary statement reconciling supplier billings from Ky. West and the amount collected from and returned to customers.

(5) B & H's adjustment in rates under the purchased gas adjustment provision approved by the Commission in its Order in Case No. 8735 dated May 31, 1983 is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after September 1, 1988.

IT IS THEREFORE ORDERED that:

(1) The corrected surcharge and refund be and they hereby are authorized effective September 1, 1988. The surcharge shall terminate when undercollections resulting from purchases from Ky.

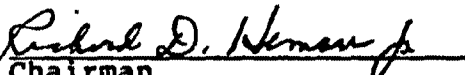
West have been recovered. The refund shall terminate when all overcollections from its customers are returned.

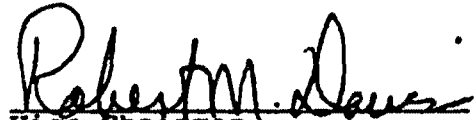
(2) Within 30 days of the date of this Order, B & H shall file with this Commission its revised tariffs setting out the surcharge and refund authorized herein.

(3) Within 30 days of the date the surcharge and refund are terminated, B & H shall file a reconciliation showing billings from Ky. West and customer collections.

Done at Frankfort, Kentucky, this 1st day of ~~September~~ 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8735-E DATED 9/1/88

The following rates and charges are prescribed for the customers served by B & H Gas Company. 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 date of this Order.

RATES:

First 2 Mcf	\$8.6807 (Minimum Bill)
Next 8 Mcf	4.0183 per Mcf
Next 20 Mcf	3.6965 per Mcf
Over 30 Mcf	3.5033 per Mcf

A surcharge in the amount of 48 cents per Mcf shall be added to the approved rates.

A refund in the amount of 37 cents per Mcf shall be subtracted from the above rates.