

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF)
EAST KENTUCKY UTILITIES,) CASE NO. 9545-F
INC.)

O R D E R

On September 25, 1986, the Commission issued its Order in Case No. 9545 approving certain adjustments 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 November 3, 1988, East Kentucky Utilities, Inc. ("East Kentucky"), notified the Commission that its wholesale cost of gas was decreased by its supplier, Kentucky West Virginia Gas Company ("Kentucky West"), effective November 2, 1988, 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) East Kentucky's notice of November 3, 1988 set out certain revisions in rates which East Kentucky proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its supplier in the amount of \$16,668 or 13.11 cents per Mcf.

(2) Kentucky West has filed an application for decreased rates to become effective November 2, 1988 with the Federal Energy Regulatory Commission.

(3) In determining the allowable decrease per Mcf, East Kentucky adjusted for line loss by deducting 5 percent from the wholesale decrease in gas costs. This has the effect of understating the decrease. The adjustment for line loss should be made by adding 5 percent to the wholesale decrease in gas costs. This should be done whether the change in wholesale gas costs is a decrease or an increase. In future filings East Kentucky should adjust for line loss by adding 5 percent to the change in wholesale gas costs.

(4) East Kentucky should report to the Commission the amount of excess revenues collected from November 2, 1988 to the date the proposed rates are implemented, along with a refund plan.

(5) East Kentucky's corrected adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9545 dated September 25, 1986 is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after November 2, 1988.

IT IS HEREBY ORDERED that:

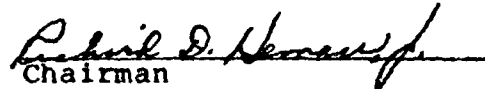
(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after November 2, 1988.


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

(3) Within 30 days of the date of this Order East Kentucky shall report the amount of excess revenues collected, along with a refund plan.

Done at Frankfort, Kentucky, this 22nd day of November, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9545-F DATED 11/22/88

The following rates and charges are prescribed for the customers served by East Kentucky Utilities, 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	\$8.0137 Per Mcf
Over 1 Mcf	\$5.2137 Per Mcf

Minimum Bill: \$8.15 for less than 1 Mcf.

The base rate for the future application of the purchased gas adjustment clause of East Kentucky Utilities, Inc., shall be:

	<u>Commodity</u>
Kentucky West Virginia Gas Company	\$2.6356/Dth*
Southeastern Gas Company	\$3.50/Mcf

*Includes \$0.0152 per Dth - Gas Research Institute Funding Charge and \$.0018 Annual Charge Adjustment.