

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF) CASE NO. 6602-JJ
EQUITABLE GAS COMPANY)

O R D E R

On December 8, 1976, the Commission issued its Order in Case No. 6602, 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 January 23, 1989, Equitable Gas Company ("Equitable") notified the Commission that its wholesale cost of gas will be increased by its supplier, Kentucky West Virginia Gas Company ("Kentucky West") effective February 1, 1989, and submitted with its notice certain information in compliance with its purchased gas adjustment ("PGA") 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) Equitable's notice of January 23, 1989 set out certain revisions in rates which Equitable proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its supplier in the amount of \$103,228 or 18.0 cents per Mcf.

(2) Kentucky West filed an application for increased rates to become effective February 1, 1989 with the Federal Energy Regulatory Commission. These rates are subject to refund.

(3) KRS 278.180 requires 30-days' notice of a change in rates with the Commission having the discretion to shorten the required period from 30 days to not less than 20 days upon showing of good cause. Reduction in rates will be made effective with 20-days' notice provided the company has included in its filing a specific request that a tariff sheet or some other notification from the supplier be considered a showing of good cause. In no case, however, shall the effective date be made prior to the actual effective date of the supplier. Equitable included a request for a showing of good cause for 20-days' notice. The effective date will, therefore, be 20 days after Equitable's notice, or February 12, 1989.

(4) Equitable reported in its filing overcollections of \$18,655 for November and December 1988. Equitable did not adjust its rates to reflect a reduction in gas costs from Kentucky West effective November 2, 1988. Equitable has proposed to implement a refund factor of 8.2 cents per Mcf to refund the overcollections to its customers.

(5) Equitable should refund the amount reported in its filing plus interest at a rate equal to the average of the "3-Month Commercial Paper Rates" less 1/2 of 1 percent to cover the costs of refund. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

(6) Equitable's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 6602 dated December 8, 1976 is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after February 12, 1989, subject to refund.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order, attached and incorporated hereto, are fair, just, and reasonable and are approved effective with gas supplied on and after February 12, 1989, subject to refund.

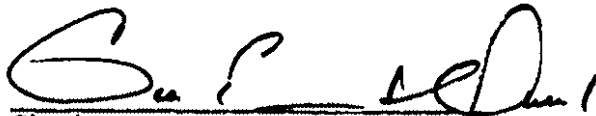
(2) Equitable shall apply an 8.2 cents per Mcf refund factor as a reduction to its approved rates beginning with meter readings taken on the effective date of this Order or as soon as practical thereafter. The refund factor will terminate when the amount refunded equals the amount herein reported plus interest.


(3) Within 30 days of the date the refund factor is terminated, Equitable shall file with this Commission a summary statement showing a reconciliation of customer billings and the amount refunded.


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

Done at Frankfort, Kentucky, this 6th day of February, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 6602-JJ DATED 2/06/89

The following rates and charges are prescribed for the customers served by Equitable 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: Monthly

First	2 Mcf	\$3.7807 per Mcf
Next	18 Mcf	3.5957 per Mcf
Next	30 Mcf	3.5407 per Mcf
Next	50 Mcf	3.4907 per Mcf
All Over	100 Mcf	3.4407 per Mcf

The minimum bill shall be \$1.80.

The above rates include the following adjustments:

A surcharge of \$0.2278 per Mcf to reconcile undercollections occurring from 4/1/83 to 6/30/87 will be added to the above rates to be effective for 60 months beginning October 6, 1987.

A refund factor of \$0.0820 per Mcf shall be applied to the above rates from the effective date of this Order until the overcollections from November 2, 1988 through December 31, 1988 are refunded.

The base rate for the future application of the purchased gas adjustment clause of Equitable Gas Company shall be:

Commodity

Kentucky West Virginia Gas Company \$2.8962/Dth*

*Includes \$0.0151 Gas Research Institute Funding Charge and an Annual Charge Adjustment of \$0.0018.