

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF)	CASE NO. 6602-MM
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 June 19, 1989, Equitable Gas Company ("Equitable") notified the Commission that its wholesale cost of gas was increased by its supplier, Kentucky West Virginia Gas Company ("Kentucky West"), effective May 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 otherwise sufficiently advised, the Commission is of the opinion and finds that:

(1) Equitable's notice of June 19, 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 \$236,350 or 41.21 cents per Mcf.

(2) Kentucky West filed an application for increased rates to become effective May 1, 1989 with the Federal Energy Regulatory Commission. These rates are subject to refund; therefore, Equitable's rates should be subject to refund.

(3) Equitable requested a waiver of the 30-day filing requirement. Pursuant to KRS 278.180, upon Equitable's showing of good cause, Equitable's effective date for the increase should be 21 days from the filing date or July 10, 1989.

(4) Equitable proposed to eliminate an 8.2 cent refund factor from Case No. 6602-JJ. Equitable has requested to net the remaining balance of this refund and \$2,345 of overcollections from a March 1, 1989 rate decrease against an undercollection of \$3,170. The undercollection occurred due to the notice period required in order to implement an increase in rates in Case No. 6602-JJ. Therefore, recovery of the undercollection in the manner proposed by Equitable is inappropriate. Equitable's 8.2 cent refund factor should be eliminated; however, Equitable should file a new refund factor to return the remaining refund balance and the overcollections to its customers.

(5) 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 July 10, 1989, subject to refund.

IT IS THEREFORE ORDERED that:

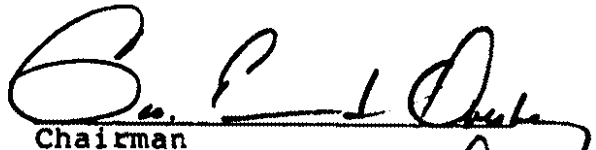
(1) The rates in the Appendix to this Order, attached and incorporated hereto, are fair, just, and reasonable and are approved effective with gas supplied on and after July 10, 1989, subject to refund.

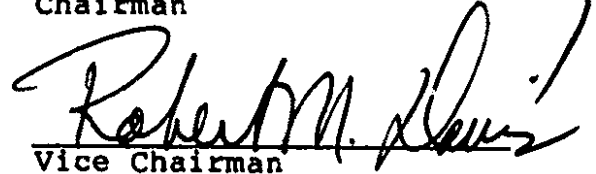
(2) Within 30 days of the date of this Order, Equitable shall file with this Commission its revised tariffs setting out the rates authorized herein.


(3) Within 20 days of the date of this Order, Equitable shall file with this Commission its refund plan as directed herein.

Done at Frankfort, Kentucky, this 10th day of July, 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-MM DATED 7/10/89

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	\$3.3673 per Mcf
Next	18 Mcf	3.1823 per Mcf
Next	30 Mcf	3.1273 per Mcf
Next	50 Mcf	3.0773 per Mcf
All Over	100 Mcf	3.0273 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 with the date of the Commission Order in Case No. 6602-GG or until the undercollection is recovered.

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 \$2.5655/Dth*

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