

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF) CASE NO. 8735-H
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.

B & H Gas Company's ("B & H") current retail rates are designed to recover only the cost of gas from its primary supplier, Bradley and Son Oil and Gas Company. During certain months of the year, however, B & H also purchases gas from Kentucky West Virginia Gas Company ("Ky. West"). On August 2, 1989, in compliance with the Commission's Order in Case No. 8735-F, B & H filed with this Commission a proposal to institute a surcharge to recover the cost of gas from Ky. West for the months January through May 1989 to be effective September 1, 1989.

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

(1) B & H proposed to implement a surcharge in the amount of 49 cents per Mcf to recover its cost of gas from Ky. West. The surcharge was calculated by dividing purchased gas expense from

Ky. West for January through May 1989 by B & H's sales volumes for the months July through December 1988. Because B & H's surcharge is to begin September 1, 1989, and because B & H only purchased from Ky. West for 5 months instead of 6 months, the surcharge should be calculated using 5 months' sales from a more representative time period. Therefore, sales of 15,242 Mcf for the months September 1988 through January 1989 should be used to calculate a surcharge of 39 cents per Mcf.

(2) The surcharge should begin September 1, 1989 and should continue through January 31, 1990 or until any undercollections of the cost of gas from Ky. West are recovered.

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

(4) B & H's adjustment in rates, represented by the surcharge contained in the Appendix to this Order and authorized 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, 1989.

IT IS THEREFORE ORDERED that:

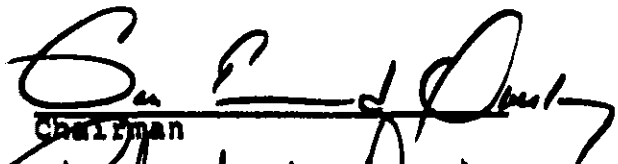


(1) The corrected surcharge contained in the Appendix to this Order, attached hereto and incorporated herein, be and it hereby is authorized effective September 1, 1989 and shall terminate January 31, 1990 or when undercollections resulting from purchases from Ky. West have been recovered.

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

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

Done at Frankfort, Kentucky, this 1st day of September, 1989.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director, Acting

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8735-H DATED 9/01/89

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	\$9.3509 (Minimum Bill)
Next 8 Mcf	4.3534 per Mcf
Next 20 Mcf	4.0316 per Mcf
Over 30 Mcf	3.8384 per Mcf

A surcharge in the amount of 69 cents per Mcf shall be added to the approved rates to recover 1988 Kentucky West Virginia Gas Company cost of gas.

A surcharge in the amount of 39 cents per Mcf shall be added to the approved rates to recover Kentucky West Virginia Gas Company cost of gas for January through May, 1989.