

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF ELAM UTILITY) CASE NO. 9845-C
COMPANY)

ORDER

On July 30, 1987, the Commission issued its Order in Case No. 9845 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 March 27, 1989, Elam Utility Company ("Elam") filed information with the Commission showing its gas purchases for the 12-month period ending December 31, 1988 and computed a base rate, or average wholesale gas cost, to be used in adjusting its rates. The information was filed pursuant to a meeting with Commission Staff to discuss its purchasing practices and a method to solve the problem of poor matching of the gas cost recovery in its rates to the actual cost of gas from its suppliers.

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

(1) Elam's average wholesale gas cost reflects a wholesale increase of \$4,766 or 7.45 cents per Mcf over its previously authorized purchased gas adjustment in Case No. 9845-A.¹

(2) Due to Elam's purchase of its gas supply from more than one source, changes in the supply mix between the sources for the period of time this purchased gas adjustment is in effect may result in an over- or under-recovery of gas cost. Therefore, in order to reconcile any difference between Elam's actual gas cost and the gas cost recovered, Elam should file a report no later than November 1, 1989 covering the period from the date of this Order through September 30, 1989, comparing its actual gas cost with the gas cost recovered at the average commodity rate set out in the Appendix to this Order. The amount so determined should be divided by sales for the 12-month period ending September 30, 1989. The resulting "recovery factor" shall be added to or subtracted from rates beginning with the effective date of Elam's next purchased gas adjustment filing and shall remain in effect for 12 months.

(3) Elam's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9845 dated July 30, 1987 is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after the date of this Order.

¹ Case No. 9845-A, Purchased Gas Adjustment of Elam Utility Company.

IT IS THEREFORE ORDERED that:

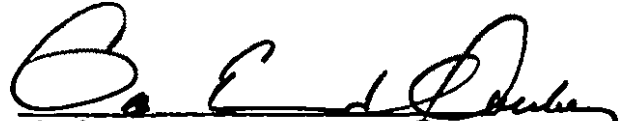
(1) The rates in the Appendix, attached and incorporated hereto, are fair, just, and reasonable and are approved effective with gas supplied on and after the date of this Order.


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

(3) Elam shall file a report in accordance with Finding 2 no later than November 1, 1989. The period for which the over- or under-recovery is determined shall begin with the date of this Order and end September 30, 1989.

Done at Frankfort, Kentucky, this 27th day of April, 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. 9845-C DATED April 27, 1989.

The following rates and charges are prescribed for the customers served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

RESIDENTIAL & COMMERCIAL

Customer Charge	\$ 4.10
First 11 Mcf	6.5345 per Mcf
Over 11 Mcf	7.5345 per Mcf

INDUSTRIAL

Customer Charge	\$ 5.15
All Mcf	6.5345 per Mcf

The base rates for the future application of the purchased gas adjustment clause of Elam Utility Company shall be:

Average Commodity Cost	\$3.1999 per Mcf
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