

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)	
GAS ADJUSTMENT FILING OF)	CASE NO. 10288-A
AUXIER ROAD GAS COMPANY, INC.)	

O R D E R

On February 24, 1989, the Commission issued its Order in Case No. 10288 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 February 6, 1989, Auxier Road Gas Company, Inc. ("Auxier") notified the Commission that its wholesale cost of gas will be increased by its supplier, Columbia Gas of Kentucky, Inc. ("Columbia"), effective March 1, 1989, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission. On February 8, 1989, Auxier amended its notice to reflect purchases from its two suppliers, Columbia and Presley Energy ("Presley"), for the 12 months ended December 31, 1988.

Auxier filed its notice under Case No. 9318-H, which at the time of filing was appropriate. However, on February 24, 1989, the Commission issued its Order in Case No. 10288.¹ Therefore,

¹ Case No. 10288, The Adjustment of the Rates of Auxier Road Gas Company for an Increase in Rates.

Auxier's notice of February 8, 1989 has been restyled as Case No. 10288-A.

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

(1) Auxier's notice of February 8, 1989 set out certain revisions in rates which Auxier proposed to place into effect, said rates being designed to pass on the wholesale decrease in price using an average cost of gas computed from volumes and prices of its two suppliers. In computing the decrease, Auxier incorrectly compared the average cost of gas effective March 1, 1989 with the price per Mcf of Columbia effective March 1, 1989. The price per Mcf of Columbia used to compute the change in gas cost should be the one upon which Auxier's present rates are based. In addition, Auxier incorrectly listed a portion of its purchases from Presley at Columbia's rate instead of Presley's rate.

Based on the information filed by Auxier, the revisions in rates are designed to pass on the wholesale decrease in price from its supplier in the amount of \$295 or .58 cents per Mcf.

(2) Auxier's wholesale cost of gas will be increased by Columbia effective March 1, 1989.

(3) Auxier's corrected adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 10288 dated February 24, 1989 is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after March 1, 1989.

(4) Due to Auxier's purchase of its gas supply from two sources, a change 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 Auxier's actual gas cost and the gas cost recovered, Auxier should file a report 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 with the last month of the period for which the over or under recovery is determined. The "recovery factor" determined shall be added or subtracted to rates beginning with the effective date of Auxier's next purchased gas adjustment filing and shall remain in effect for 12 months.

IT IS THEREFORE ORDERED that:

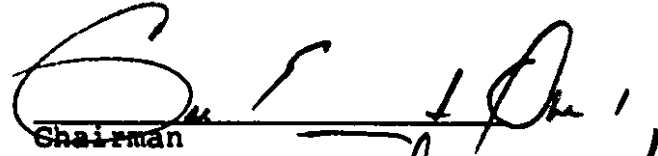
(1) The rates in the Appendix, attached and incorporated hereto, are fair, just, and reasonable and are approved effective with gas supplied on and after March 1, 1989.

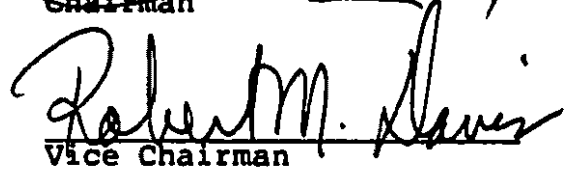
(2) Within 30 days of the date of this Order, Auxier shall file with this Commission its revised tariffs setting out the rates authorized herein.

(3) Auxier shall file a report in accordance with Finding No. 4 no later than September 1, 1989. The period for which the over or under recovery is determined shall begin March 1, 1989 and end no more than 30 days before the date Auxier files the report.

Done at Frankfort, Kentucky, this 24th 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. 10288-A DATED 2/24/89

The following rates and charges are prescribed for the customers served by Auxier Road Gas Company, 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	1,000 Cu.Ft.	\$8.60
All Over	1,000 Cu.Ft.	7.75 per 1,000 Cu.Ft.

MINIMUM BILL \$8.60

The base rate for the future application of the purchased gas adjustment clause of Auxier Road Gas Company, Inc. shall be:

	<u>Commodity</u>
Columbia Gas of Kentucky, Inc.	\$3.5608 per Mcf
Presley Energy	\$2.63 per Mcf
Average Commodity Cost	\$3.4943 per Mcf