

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF) CASE NO. 10288-E
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 April 12, 1989, Auxier Road Gas Company, Inc. ("Auxier Road") notified the Commission that its wholesale cost of gas was decreased by its supplier, Presley Energy ("Presley"), effective April 1, 1989, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission. Auxier Road filed its Notice as Case No. 10288-D. However, in order to follow the correct sequence of Auxier Road's purchased gas adjustment filings, this notice has been assigned Case No. 10288-E.

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

(1) Auxier Road's notice of April 12, 1989 set out certain revisions in rates which Auxier Road proposed to place into effect, said rates being designed to pass on the wholesale

decrease in price from its supplier using an average cost of gas computed from volumes and prices of both its suppliers. In computing the decrease, Auxier Road incorrectly included a portion of its purchases from Presley at Columbia Gas of Kentucky's rate instead of Presley's rate. Also, Auxier Road compared its gas cost using the new Presley rate effective April 1, 1989 with its gas cost using Presley's rate effective May 1, 1989, which has not yet been approved by the Commission. The decrease in rates has been corrected using the gas cost based on Presley's rate effective March 1, 1989. Based on the information filed by Auxier Road, the revisions in rates are designed to pass on the wholesale decrease in price from its supplier in the amount of \$1,588 or 3.11 cents per Mcf.

(2) Auxier Road's wholesale cost of gas was decreased by Presley effective April 1, 1989.

(3) Auxier Road should report to the Commission the amount of excess revenues collected from April 1, 1989 to the date the proposed rates are implemented, along with a refund plan.

(4) Auxier Road'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 April 1, 1989.

IT IS THEREFORE ORDERED that:

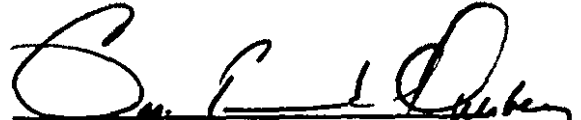
(1) The rates in the Appendix, attached and incorporated hereto, are fair, just, and reasonable and are approved effective with gas supplied on and after April 1, 1989.

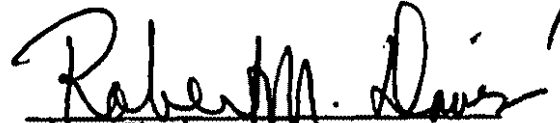
(2) Within 30 days of the date of this Order, Auxier Road shall file with this Commission its revised tariffs setting out the rates authorized herein.

(3) Within 30 days of the date of this Order, Auxier Road shall report the amount of excess revenues collected, along with a refund plan.

Done at Frankfort, Kentucky, this 2nd day of May, 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-E DATED 5/02/89

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.	\$8.5770
All Over	1,000 Cu.Ft.	7.7270 per 1,000 Cu.Ft.

MINIMUM BILL \$8.58

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	\$2.2486 per Mcf
Average Commodity Cost	\$3.4671 per Mcf