

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF)
EQUITABLE GAS COMPANY) CASE NO. 6602-PP

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 February 5, 1990, 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 February 1, 1990, 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 finds that:

(1) Equitable's notice of February 5, 1990 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 \$634,546 or \$1.2033 per Mcf.

(2) Kentucky West applied with the Federal Energy Regulatory Commission for increased rates to become effective February 1, 1990. Equitable requested a waiver of the 30-day filing requirement. Pursuant to KRS 278.180, upon Equitable's showing of good cause, Equitable's request should be granted. The effective date for the increase should be on and after the date of this Order. Kentucky West's rates are subject to refund; therefore, Equitable's rates should be subject to refund.

(3) Equitable also requested that the refund factor established in Case No. 6602-NN¹ related to overcollection of cost be eliminated. Equitable stated that the overcollection has been offset by substantial unrecovered costs due to recent increases in its supplier rates. Documentation provided by Equitable indicates that \$24,293 of the proposed refund amount of \$49,058, or 49.5 percent, has been refunded. The undercollection occurred due to the statutory notice period required to implement an increase in rates in the instant case. Hence, recovery of the undercollection is inappropriate. The refund factor as prescribed is and should continue to remain operative.

(4) 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

¹ Case No. 6602-NN, Notice of Purchased Gas Adjustment Filing of Equitable Gas Company, Order dated August 28, 1989.

and in the public interest and should be effective with gas supplied on and after the date of this Order, subject to refund.

IT IS THEREFORE ORDERED that:

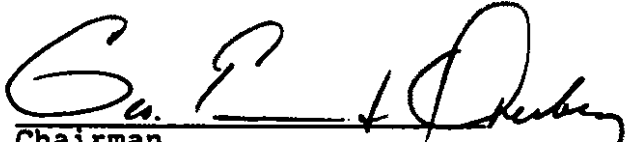
(1) The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with gas supplied on and after the date of this Order.

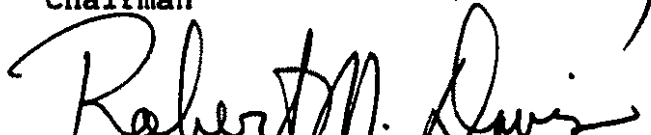
(2) Equitable's request to discontinue the refund factor established in Case No. 6602-NN is hereby denied.


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

Done at Frankfort, Kentucky, this 26th day of February, 1990.

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-PP DATED February 26, 1990.

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	\$4.9838 per Mcf
Next	18 Mcf	4.7988 per Mcf
Next	30 Mcf	4.7438 per Mcf
Next	50 Mcf	4.6938 per Mcf
All Over	100 Mcf	4.6438 per Mcf

The minimum bill shall be \$1.80.

The following adjustments will be made to the above rates:

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.

A refund of \$.0897 per Mcf to reconcile overcollections occurring from February 1989 through June 1989 to remain in effect for 12 months.

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 \$3.8654/Dth*

*Includes \$0.0151 Gas Research Institute Funding Charge and an Annual Charge Adjustment of \$0.0017.