

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF) CASE NO. 8735-0
B & H GAS COMPANY, INC.)

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.

On November 27, 1991, B & H Gas Company, Inc. ("B & H") filed its quarterly gas cost adjustment ("GCA"), which is to become effective January 1, 1992 and is to remain in effect until April 1, 1992.

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

1. B & H's notice of November 27, 1991 set out certain revisions in rates which B & H proposed to place into effect, said rates being designed to pass on to its customers its wholesale gas cost from its suppliers. B & H did not use the most currently effective rate from Kentucky West Virginia Gas Company ("Ky. West") in calculating its expected gas cost ("EGC"). Using

Ky. West's November 1, 1991 rate, B & H's EGC for the quarter beginning January 1, 1992 should be \$3.6201 per Mcf.

2. B & H's notice set out no refund adjustment.

3. B & H's notice included no actual adjustment ("AA"). The second previous quarter AA of 60.05 cents per Mcf is B & H's total AA.

4. B & H's notice set out no balance adjustment. This adjustment will be unavailable to B & H until the approved actual adjustment has been in effect for 4 quarters.

5. The combined effect of the above adjustments is B & H's corrected gas cost recovery rate ("GCR") in the amount of \$4.2206 per Mcf, which is a decrease of 14.28 cents per Mcf from its last approved rates.

6. B & H's corrected adjustment in rates, set out in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 8735 dated May 31, 1983, is fair, just, and reasonable, in the public interest, and should be effective with service rendered on and after January 1, 1992.

IT IS THEREFORE ORDERED that:

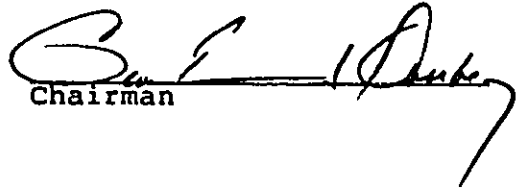
1. The rates proposed by B & H are hereby denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with service rendered on and after January 1, 1992.

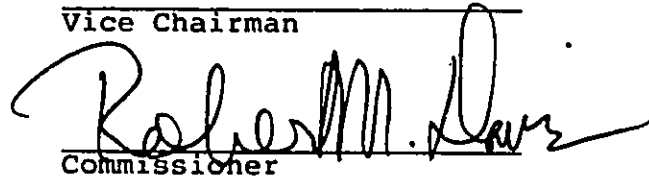
3. Within 30 days of the date of this Order, B & H shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 20th day of December, 1991.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8735-O DATED December 20, 1991.

The following rates and charges are prescribed for the customers served by B & H 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 date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 2 Mcf	\$3.0961	\$8.4412	\$11.5373
Next 8 Mcf	1.1960	4.2206	5.4166
Next 20 Mcf	.9042	4.2206	5.1248
Over 30 Mcf	.7110	4.2206	4.9316

A surcharge in the amount of 3 cents per Mcf shall be added to the above rates until the obligation owed Kentucky West Virginia Gas Company has been discharged or is recalculated.