

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF) CASE NO. 90-078-D
PHELPS GAS COMPANY, INC.)

O R D E R

On December 7, 1990, the Commission issued its Order in Case No. 90-078 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the gas cost adjustment ("GCA") clause set forth therein.

On December 24, 1991, Phelps Gas Company, Inc. ("Phelps") filed its quarterly GCA, which is to become effective February 1, 1992 and is to remain in effect until April 30, 1992.

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

1. Phelps' notice of December 24, 1991 set out certain revisions in rates which Phelps proposed to place into effect, said rates being designed to pass on to its customers the expected wholesale change in gas cost from its supplier. Phelps did not use the most currently available supplier rate in its calculation; hence, its proposed rates should be denied.

2. Phelps' expected gas cost ("EGC") adjustment for the quarter beginning February 1, 1992 should be \$3.8305 per Mcf based on its supplier rate effective September 1, 1992.

3. Phelps' notice included no actual adjustment. This adjustment will be unavailable to Phelps until its GCA clause has been in effect for two quarters.

4. The combined effect of the above adjustments is Phelps' gas cost recovery rate ("GCR") in the amount of \$3.8305 per Mcf, a decrease of 2.47 cents per Mcf from its last approved rates.

5. The rates set out in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 90-078 dated December 7, 1990, are fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after February 1, 1992.

IT IS THEREFORE ORDERED that:

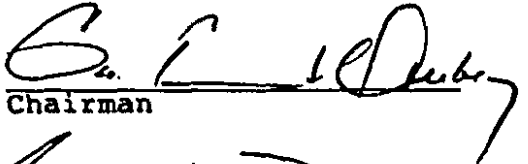
1. The rates proposed by Phelps be and they hereby are denied.

2. 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 February 1, 1992.

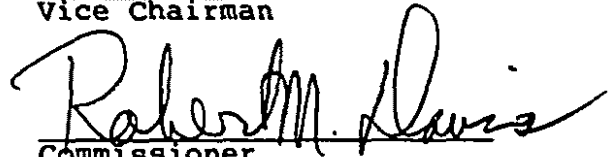
3. Within 30 days of the date of this Order, Phelps shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 31st day of January, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-078-D DATED 1/31/92

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

RATES:

Monthly

First 1 Mcf	\$8.2276 Minimum Bill
Over 1 Mcf	6.5975 Per Mcf

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

	<u>Commodity</u>
Columbia Gas of Kentucky, Inc.	\$3.7499 per Mcf