

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)	
GAS ADJUSTMENT FILING OF)	CASE NO. 90-078-F
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 June 18, 1992, Phelps Gas Company, Inc. ("Phelps") filed its quarterly GCA, which is to become effective August 1, 1992 and is to remain in effect until October 31, 1992.

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

1. Phelps' notice of June 18, 1992 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 calculate its expected gas cost using its actual 12-month purchase volume; hence, its proposed rates should be denied.

2. Phelps' expected gas cost ("EGC") adjustment for the quarter beginning August 1, 1992 should be \$3.7869 per Mcf.

3. Phelps' notice included a current actual adjustment in the amount of (10.21) cents per Mcf to return over-recoveries to its customers resulting from the operation of its CGA during the months of February, March, and April. Phelps' total actual adjustment in the amount of (3.83) cents per Mcf is calculated to return the current over-recovery, as well as an under-recovery from a previous quarter.

4. Phelps' notice included a refund adjustment in the amount of 6.38 cents per Mcf, which is a corrected refund factor from a previous quarter. There were no current quarter refund adjustments.

5. The combined effect of the above adjustments is Phelps' corrected gas cost recovery rate ("GCR") in the amount of \$3.6848 per Mcf, an increase of 19.23 cents per Mcf from its last approved rates.

6. 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 August 1, 1992.

IT IS THEREFORE ORDERED that:

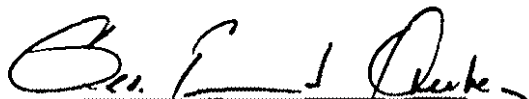
1. The rates proposed by Phelps be and they hereby are denied.

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 August 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 July, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director, Acting

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-078-F DATED 7/31/92

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	\$8.0819 Minimum Bill
Over 1 Mcf	6.4518 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.	\$3.7505 per Mcf