

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF KENTUCKY-)	CASE NO. 91-138-A
OHIO GAS COMPANY)	

O R D E R

On December 18, 1991, the Commission issued its Order in Case No. 91-138 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 September 2, 1992, Kentucky-Ohio Gas Company ("KOG") filed its quarterly gas cost adjustment ("GCA"), which was to become effective October 1, 1992, to remain in effect until January 1, 1993. On September 29, 1992, the Commission issued its Order requesting information concerning KOG's supplier rates. The Commission received KOG's response on October 8, 1992.

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

1. KOG's notice of September 2, 1992, as more fully explained by its October 8, 1992 response, calculated its expected gas cost ("EGC") based on an historical six-month average from its supplier, Centran, and on the current price of its local production gas as negotiated in May of each year. Using the Centran bills provided by KOG, the average price of deliveries for January through June

1992 was \$2.10 per Mmbtu as opposed to \$2.03 per Mmbtu. Using the \$2.10 rate and dividing KOG's 12-month cost of gas by sales rather than purchases as KOG had done, produces an EGC of \$2.15.

2. KOG's notice set out no refund adjustment.

3. KOG's notice set out no current quarter actual adjustment. This adjustment will be unavailable to KOG until its GCA has been in effect for two quarters.

4. The combined effect of the above adjustment is KOG's corrected gas cost recovery rate in the amount of \$2.15 per Mcf, which is an increase of 12 cents per Mcf from the cost of gas that KOG has stated was included in its rates approved in bankruptcy.

5. KOG'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. 91-138 is fair, just, and reasonable, in the public interest, and should be effective with service rendered on and after the date of this Order.

IT IS THEREFORE ORDERED that:

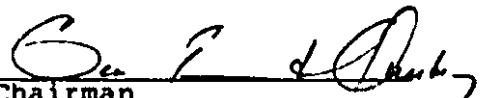
1. The rates proposed by KOG be and they hereby are denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with service rendered on and after the date of this Order.

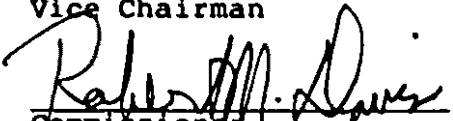
3. Within 30 days of the date of this Order, KOG shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 22nd day of December, 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. 91-138-A DATED December 22, 1992.

The following rates and charges are prescribed for the customers served by Kentucky-Ohio 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 effective date of this Order.

RATES:

<u>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
All Mcf	\$4.24	\$2.15	\$6.39
<u>Minimum Bill</u>			
The minimum bill shall be	\$6.39		