

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF B & H GAS) CASE NO. 91-127-J
COMPANY, INC.)

O R D E R

On January 13, 1992, in Case No. 91-127, the Commission approved certain adjusted rates for B & H Gas Company, Inc. ("B & H") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On June 2, 1994, B & H filed its GCA to be effective from July 1, 1994 to October 1, 1994.

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

1. B & H's notice proposed revised rates designed to pass on its wholesale increase in gas cost. B & H incorrectly calculated its proposed expected gas cost by failing to use its reported 12-month purchase volume. B & H's expected gas cost based on the correct volumes should be \$3.8625, an increase of .23 cent per Mcf.

2. B & H had no refunds to report. Therefore, its notice set out no refund adjustment.

3. The notice set out an incorrect current quarter actual adjustment ("AA"). In calculating its Unit Cost of Gas, B & H failed to use actual January sales volumes. Its corrected current AA of 1.23 cents per Mcf will recoup unrecovered gas cost from January, February, and March 1994. The corrected total adjustment of 1.10 cents per Mcf reflects the current under-collection as well as under- or over-collections from previous quarters.

4. B & H's notice set out an incorrect balance adjustment ("BA"). It did not use figures from the AA which expired March 31, 1994 in calculating its current BA. It also used the total BA from the previous quarter instead of the current BA from the previous quarter in the Balance Adjustment calculation on Schedule I. The correct current quarter BA should be .01 cent per Mcf to compensate for remaining under-collections from the aforementioned actual adjustment. The total BA should be (.14) cent per Mcf.

5. These adjustments produce a corrected gas cost recovery of \$3.8721 per Mcf, .56 cent per Mcf less than its prior rate.

6. The revised rate in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be effective for service rendered on and after July 1, 1994.

IT IS THEREFORE ORDERED that:

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


2. The rates in the Appendix to this Order are fair, just, and reasonable and are effective for service rendered on and after July 1, 1994.

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 1st day of July, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 91-127-J DATED JULY 1, 1994.

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 | \$4.7938 | \$7.7442 | \$12.5380 |
| Next 8 Mcf | 1.9788 | 3.8721 | 5.8509 |
| Next 20 Mcf | 1.5611 | 3.8721 | 5.4332 |
| Over 30 Mcf | 1.3103 | 3.8721 | 5.1824 |

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.