

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF EQUITABLE) CASE NO. 92-326-D
GAS COMPANY)

O R D E R

On April 12, 1993, the Commission issued its Order in Case No. 92-326 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 January 3, 1994, Equitable Gas Company, a division of Equitable Resources, Inc. ("Equitable"), filed its quarterly GCA to become effective February 1, 1994 and to remain in effect until April 30, 1994.

After reviewing the records in these cases and being otherwise sufficiently advised, the Commission finds that:

1. Equitable's notice of January 3, 1994 set out certain revisions in rates which Equitable proposed to place into effect, said rates being designed to pass on to its customers the expected wholesale gas costs from Kentucky West Virginia Gas Company ("Kentucky West"). Equitable's proposed expected gas cost ("EGC") for the quarter beginning February 1, 1994 is \$5.1221 per Mcf, which includes a surcharge component of 80.54 cents per Mcf relating to the settlement of Kentucky West Docket No. TQ 89-1-46-

000, et al. before the Federal Energy Regulatory Commission ("FERC"). Equitable's EGC should be adjusted to correct the ACA component of its rates from Kentucky West. The rate is \$.0023 per Dth instead of \$.0026 per Dth, yielding an EGC of \$5.1217 per Mcf.

2. Equitable's notice set out a current quarter actual adjustment ("AA") in the amount of 1.85 cents per Mcf to compensate for mismatches in recovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of August, September and October 1993. Equitable's proposed total AA of 17.82 cents per Mcf included a previous quarter AA of 5.25 cents per Mcf which expires February 1, 1994. Correcting for this error results in a total AA of 12.57 cents per Mcf, which is composed of the current under-recovery plus remaining over- and under-recoveries from previous quarters.

3. Equitable's notice set out a current quarter balancing adjustment ("BA") in the amount of (1.31) cents per Mcf to reconcile variances from previous actual, refund, and balance adjustments. Equitable's proposed total BA of 3.19 cents per Mcf included a previous quarter BA of .31 cent per Mcf which expires February 1, 1994. Equitable's corrected total BA is 2.88 cents per Mcf.

4. The combined effect of the above adjustments is Equitable's gas cost recovery ("GCR") rate in the amount of \$5.2762 per Mcf, an increase of 52.91 cents per Mcf from its last approved GCR rate. The increase represents the combined effect of the supplier increase, actual, and balancing adjustments.

5. Equitable's adjustment in rates pursuant to the GCA provisions approved by the Commission in its Order in Case No. 92-326 dated April 12, 1993 is fair, just, and reasonable, in the public interest, and should be effective with final meter readings on and after February 2, 1994.

IT IS THEREFORE ORDERED that:

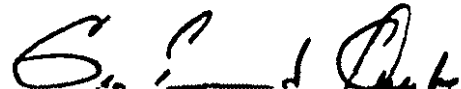
1. The rates proposed by Equitable be and they hereby are denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with final meter readings on and after February 2, 1994.

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

Done at Frankfort, Kentucky, this 2nd day of February, 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. 92-326-D DATED February 2, 1994.

The following rates and charges are prescribed for the customers in the area served by Equitable 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 date of this Order.

RATES: Monthly

Customer Charge				\$4.45
		<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
First	2 Mcf	\$1.0399	\$5.2762	\$6.3161 per Mcf
Next	18 Mcf	.8178	5.2762	6.0940 per Mcf
Next	30 Mcf	.7179	5.2762	5.9941 per Mcf
Next	50 Mcf	.6290	5.2762	5.9052 per Mcf
All Over	100 Mcf	.5513	5.2762	5.8275 per Mcf

The minimum bill shall be \$4.45.

The above rates include recovery of a Kentucky West Virginia Gas Company surcharge of 61.4 cents per Dth pursuant to the settlement of Docket No. TQ 89-1-46, et. al. before the Federal Energy Regulatory Commission.