

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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 December 21, 1995, in Case No. 91-138-C, Kentucky-Ohio Gas Company ("KOG") filed its quarterly gas cost ("GCA") which was to become effective January 1, 1996. On July 2, 1996, KOG filed Case No. 91-138-D, its GCA to become effective July 1, 1996 to remain in effect until October 1, 1996.

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

1. KOG's notice of December 21, 1995 was inadequate to support its proposed rates.
2. KOG's notice of July 2, 1996 proposed to pass through to its customers an increase in its expected gas cost ("EGC"). KOG's EGC for the quarter beginning July 1, 1996 is \$2.65 per Mcf.

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

4. KOG's notice set out a current actual adjustment ("AA") to reconcile a net under-recovery of gas purchases from December 1992 through March 1996. KOG miscalculated its unit cost of gas on each sheet of Schedule IV by dividing the total cost of volumes purchased by purchase volumes instead of sales volumes. Correcting this error and dividing the total under-recovery of \$316,415 by expected sales of 438,000 Mcf, instead of historical sales, produces an AA of 72 cents per Mcf instead of the 54 cents per Mcf AA proposed by KOG.

5. KOG's corrected gas cost recovery rate is \$3.37 per Mcf, which is an increase of 86 cents per Mcf from KOG's last cost of gas.

6. KOG's corrected adjustment in rates 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:

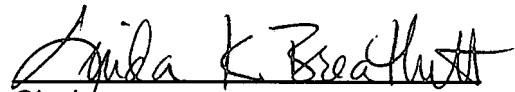
1. The rates proposed by KOG be and they hereby are denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective for final meter readings on and after the date of this Order.

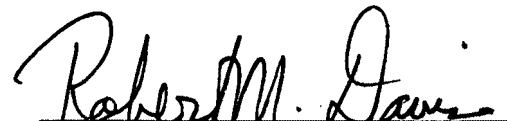
3. Within 30 days of the date of this Order, KOG shall file with the Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 13th day of August, 1996.

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-C AND 91-138-D DATED AUGUST 13, 1996

The following rates and charges are prescribed for the customers in the area 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	\$3.37	\$7.61

Minimum Bill

The minimum bill shall be \$7.61