

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-E  
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 13, 1996, Kentucky-Ohio Gas Company ("KOG") filed its quarterly gas cost ("GCA") to become effective October 1, 1996 to remain in effect until January 1, 1997.

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

1. KOG's notice of September 13, 1996 proposed to pass through to its customers a decrease in its expected gas cost ("EGC"). KOG's proposed EGC for the quarter beginning October 1, 1996 is \$2.43 per Mcf. KOG calculated its proposed EGC on Schedule I by dividing its total expected gas cost by purchases instead of sales. Correcting for this error produces an EGC of \$2.50 per Mcf.
2. KOG's notice set out no refund adjustment.

3. KOG's notice set out a current actual adjustment ("AA") of four cents per Mcf to reconcile a net under-recovery of gas purchases from April, May, and June 1996. KOG calculated its unit cost of gas on Schedule IV by dividing the total cost of volumes purchased by purchase volumes instead of sales volumes. Correcting this error does not change the proposed AA. KOG's total AA is 90 cents per Mcf.

4. KOG's corrected gas cost recovery rate is \$3.40 per Mcf, which is an increase of three cents per Mcf from KOG's last cost of gas.

5. 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 October 13, 1996.

IT IS HEREBY 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 October 13, 1996.
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 14th day of October, 1996.

PUBLIC SERVICE COMMISSION

Linda K Breathitt  
Chairman

Earl J. Gibson  
Vice Chairman

B. J. Helton  
Commissioner

ATTEST:

Don Mills  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 91-138-E DATED OCTOBER 14, 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<br/>Recovery<br/>Rate</u> | <u>Total<br/>Rate</u> |
|---------------------------|------------------|---------------------------------------|-----------------------|
| All Mcf                   | \$4.24           | \$3.40                                | \$7.64                |
| <br><u>Minimum Bill</u>   |                  |                                       |                       |
| The minimum bill shall be | \$7.64           |                                       |                       |