

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

On December 18, 1991, the Commission issued its Order in Case No. 91-138 approving certain adjustments in rates for Kentucky-Ohio Gas Company ("KOG") 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 3, 1998, KOG filed its quarterly gas cost adjustment ("GCA") to be effective from October 1, 1998 to January 1, 1999.

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

1. KOG's notice of September 3, 1998 proposed revised rates to pass on its expected change in gas costs to its customers. KOG's proposed expected gas cost ("EGC") is \$2.7103 per Mcf. KOG calculated its gas cost from its supplier NG&E using total Mcf volumes purchased instead of the volumes purchased only from NG&E. Correcting for this error, and dividing total expected gas cost by sales instead of purchases as KOG had done, produces an EGC of \$2.0592, 39.08 cents per Mcf less than the previous EGC.

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

3. KOG's proposed actual adjustment ("AA") is (13.36) cents per Mcf. Correcting for rounding errors produces a current AA of (13.43) cents per Mcf, based on an over-recovery for April, May, and June of \$18,888. The total AA of (31.27) cents per Mcf includes the current AA as well as previous quarter AAs, and represents a decrease of 32.43 cents per Mcf from the previous total AA.

4. KOG's corrected gas cost recovery rate is \$1.7465 per Mcf, 71.51 cents per Mcf less than the previous rate of \$2.4616.

5. KOG's corrected adjustment in rates is fair, just, and reasonable, in the public interest, and should be effective with service rendered on after October 1, 1998.

IT IS THEREFORE ORDERED that:

1. The rates proposed by KOG are denied.

2. The rates in the Appendix are fair, just, and reasonable and are approved effective for final meter readings on and after October 1, 1998.

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 1st day of October, 1998.

PUBLIC SERVICE COMMISSION

B. J. Helton
Chairman

E. J. Helton
Vice Chairman

Darryl W. Davis
Commissioner

ATTEST:

Helen C. Helton
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-138-K DATED OCTOBER 1, 1998

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	\$1.7465	\$5.9865

Minimum Bill

The minimum bill shall be \$5.99