

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-S
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 in accordance with its gas cost adjustment ("GCA") clause.

On September 24, 1999, B & H filed its GCA to be effective October 1, 1999. By Order dated November 1, 1999, the Commission suspended B & H's proposed rates in order to investigate the reasonableness of the proposed surcharge of \$1.00 per Mcf to pay obligations owed to B & S Oil & Gas Company ("B & S"). On November 8, 1999, the Commission issued its Order requesting further information regarding the surcharge. B & H filed the requested information on December 10, 1999. The Commission issued a second request for information on January 13, 2000 to which B & H responded on January 28, 2000.

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

1. B & H's notice proposed revised rates to pass on its expected increase in gas costs to its customers. B & H's proposed expected gas cost ("EGC") is \$4.65 per Mcf. In its response of January 28, 2000, B & H indicated that it arrived at the \$4.65 per Mcf EGC

by determining that its cost of gas would be \$3.65 per Mcf, and then adding \$1.00 per Mcf for repayment of an unpaid balance owed to B & S. The \$1.00 per Mcf arrearage to B & S is discussed in detail in paragraph two, however, the additional \$1.00 per Mcf should not be included in the EGC as part of B & H's on-going gas cost. The correct gas cost is \$3.65. This represents a decrease of 19.21 cents per Mcf from the previous EGC of \$3.8421.

2. B & H's notice proposed a \$1.00 per Mcf surcharge intended to collect \$524,893.61 that B & H owes B & S for unpaid gas purchases from 1990 through 1998. B & H's last GCA filing was in June 1996. The GCAs that B & H filed prior to June 1996 have already recouped the gas costs for the period from 1990 to June 1996. B & H stated in its response of December 10, 1999 that it had no need to file a GCA between June 1996 and its current filing of October 1999 because its gas costs had not changed. If B & H's purchased gas costs have not changed during the last three years and B & H's past GCAs recovered its purchased gas costs between 1990 and June 1996, then customers have already remitted payment for the expense represented by the \$524,893.61 owed to B & S Oil and should not be charged again for these unpaid obligations, either as part of the EGC or as a surcharge.

3. The revised rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after the date of this Order.

IT IS THEREFORE ORDERED that:

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

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are authorized to be effective with bills rendered on and after the date of this Order.

3. Within 30 days of the date of this Order, B & H shall file with this Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 18<sup>th</sup> day of February, 2000

By the Commission

ATTEST:

\_\_\_\_\_  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 91-127-S DATED FEBRUARY 18, 2000

The following rates and charges are prescribed for the customers served by B & H. 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>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 2 Mcf (Minimum Bill)	\$4.7938	\$7.3000	\$12.0938
Next 8 Mcf	1.9788	3.6500	\$ 5.6288
Next 20 Mcf	1.5611	3.6500	\$ 5.2111
Next 30 Mcf	1.3103	3.6500	\$ 4.9603

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.