

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-L
OHIO GAS COMPANY)	

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 October 1, 1999, KOG filed its quarterly gas cost adjustment ("GCA") to be effective October 1, 1999. In an Order dated November 1, 1999, the Commission suspended KOG's proposed rates in order to investigate the cost of gas charged since KOG's last GCA application in September 1998. KOG then filed an amended quarterly GCA on November 9, 1999 to be effective December 1, 1999. On December 2, 1999, the Commission issued an Order requesting further information. KOG filed its response with a second amended GCA on December 13, 1999.

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

1. KOG's second amended notice of December 13, 1999 proposes revised rates to pass on its expected increase in gas costs to its customers. KOG's proposed

expected gas cost (“EGC”) is \$2.7053, 64.61 cents per Mcf more than the previously approved EGC of \$2.0592.

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

3. KOG’s notice proposes a current quarter actual adjustment (“AA”) of 16.43 cents per Mcf to collect under-recovered costs for October, November and December 1998, January, February, March, April, May and June 1999. KOG’s notice proposes a total AA of (7.94) cents per Mcf. In calculating its proposed total AA, KOG included AAs from its three previous GCAs. Since KOG’s last GCA was effective October 1, 1998, all prior quarter AAs have expired and therefore should no longer be included in the total AA. As a result of including expired AAs in the amount charged to the customer through September 1999, KOG refunded \$5,908.42 more than necessary for past quarter adjustments. Correcting for this produces a total AA of 20.71 cents per Mcf, which represents an increase of 51.98 cents per Mcf from the previously approved total AA.

4. KOG’s notice also indicates that it had erroneously used its proposed EGC from the previously filed GCA rather than the corrected EGC set out in the Order for Case No. 91-138-K. The rates that KOG actually charged its customers, based on an EGC of \$2.7103, were not approved by the Commission. The AA calculation included in KOG’s second amended notice, submitted in response to the Commission’s Order dated December 3, 1999, corrects for the use of the erroneous EGC. Any increases or decreases are stated in comparison to the previously approved amounts.

5. KOG’s corrected gas cost recovery rate is \$2.9124 per Mcf, \$1.1659 per Mcf more than the previously approved rate of \$1.7465.

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. KOG did not give sufficient notice for the rates to be effective October 1, 1999 or December 1, 1999.

7. This Order is for the purpose of GCA rate approval only and shall not be construed to constitute Commission approval of KOG's failure timely to file GCA tariffs.

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 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 18th day of January, 2000.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 91-138-L DATED JANUARY 18, 2000

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	\$2.9124	\$7.1524

Minimum Bill

The minimum bill shall be \$7.15