

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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 March 1, 2000, KOG filed its quarterly gas cost adjustment ("GCA") to be effective April 1, 2000.

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

1. KOG's notice of March 1, 2000 proposed revised rates to pass on its expected decrease in gas costs to its customers. KOG's calculation of its gas costs on Schedule II for gas purchased from E Prime, Marathon Petroleum Corp. and Columbia Gas Transmission contained a rounding error; however, the Commission accepted KOG's calculations since the error had no material effect on rates. KOG's proposed expected gas cost ("EGC") is \$2.6379, 6.74 cents per Mcf less than the previously approved EGC of \$2.7053.

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

3. KOG's notice proposed a current quarter actual adjustment ("AA") of (9.49) cents per Mcf to refund over-recovered costs for July through December 1999. In calculating its current quarter AA, KOG used the EGC approved in the Commission's Order of January 18, 2000 rather than the EGC of \$2.7103 that KOG was actually charging customers during those months. The effect on rates from this error is *de minimis*; therefore, the Commission will accept this part of the calculation. KOG also failed to calculate an adjustment of 14.30 cents per Mcf to reconcile expired actual adjustments collected October through December 1999. Correcting for this produces a current quarter AA of 4.81 cents per Mcf. KOG's notice proposed a total AA of (17.43) cents per Mcf. Correcting for the revised current quarter AA produces a total AA of (3.13) cents per Mcf which represents a decrease of 23.84 cents per Mcf from the previously approved total AA.

4. KOG's corrected gas cost recovery rate is \$2.6066 per Mcf, 30.58 cents per Mcf less than the previously approved rate of \$2.9124.

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 April 1, 2000.

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 April 1, 2000.

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 21<sup>st</sup> day of March, 2000.

By the Commission

ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 91-138-M DATED MARCH 21, 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	\$2.6066	\$6.8466

Minimum Bill

The minimum bill shall be \$6.85