

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-O

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 6, 2000, KOG filed its quarterly gas cost adjustment ("GCA") to be effective October 1, 2000.

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

1. KOG's notice of September 6, 2000 proposed revised rates to pass on its expected increase in gas costs to its customers. KOG's proposed expected gas cost ("EGC") is \$2.6702. KOG calculated its total EGC on Schedule II using the calculation that limits the recovery of line loss to five percent. Since KOG's line loss was less than five percent with this filing, KOG should have used the actual purchase volume to calculation its total EGC. Making this correction produces an EGC of \$2.6488, 15.50 cents per Mcf more than the previously approved EGC of \$2.4938.

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

3. KOG's notice proposed a current quarter actual adjustment ("AA") of 14.63 cents per Mcf to collect under-recovered costs for April through June 2000. In calculating its current quarter AA, KOG used the GCA approved in the Commission's Order of March 21, 2000 for rates effective April 1, 2000 rather than the EGC effective April 1, 2000 of \$2.6379. Correcting for this produces a current quarter AA of 14.09 cents per Mcf. KOG's notice proposed a total AA of 46.23 cents per Mcf. In calculating its total AA, KOG carried forward the total AA rather than the quarterly AA from two of its previous quarters. Correcting for these errors produces a revised total AA of 91.77 cents per Mcf which represents an increase of 42.74 cents per Mcf from the previously approved total AA.

4. KOG's corrected gas cost recovery rate is \$3.5665 per Mcf, 58.24 cents per Mcf more than the previously approved rate of \$2.9841.

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 6, 2000. KOG did not give sufficient notice for the rates to be effective October 1.

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 6, 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 3rd day of October, 2000.

By the Commission

ATTEST:

Deputy W. H. Fowler
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 91-138-O DATED OCTOBER 3, 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	\$3.5665	\$7.8065

Minimum Bill

The minimum bill shall be \$7.8065