

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING)	CASE NO.
OF ELAM UTILITY COMPANY)	2000-432-B

ORDER

On March 30, 2001, in Case No. 2000-432, the Commission approved rates for Elam Utility Company ("Elam") and provided for their further adjustment on a quarterly basis in accordance with Elam's gas cost adjustment ("GCA") clause.

On December 3, 2001, Elam filed its GCA to be effective January 1, 2002. As this filing results in a rate decrease, the 30-day notice requirement set out in KRS 278.180(1) is not controlling since KRS 278.180(2) permits a rate decrease to be implemented within a lesser period of time.

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

1. Elam's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs. Elam's notice sets out an expected gas cost ("EGC") of \$9.5944 per Mcf. Elam incorrectly calculated its EGC by using historical rather than expected prices. Correcting for this error produces an EGC of \$5.6162 per Mcf, \$1.8754 per Mcf less than the prior EGC of \$7.4916.

2. Elam's notice sets out no current refund adjustment ("RA"). Elam's notice sets out a total RA of .04 cent per Mcf, which represents no change from Elam's previous total RA.

3. Elam's notice sets out a current quarter actual adjustment ("AA") of 2.54 cents per Mcf. Elam incorrectly calculated its cost difference for September 2001. Correcting for this error produces a current AA of 1.56 cent per Mcf. Elam's notice sets out a total AA of \$2.9886 per Mcf. Elam carried forward an incorrect amount for the AA for the third previous quarter and did not include the AA of (12.46) cents per Mcf from Case No. 9845-G that will be in effect until October 31, 2002. Correcting for this and the current quarter AA produces a total AA of \$3.3860 per Mcf, an increase of 1.56 cents per Mcf from the previous total AA.

4. Elam's notice sets out no current quarter balance adjustment ("BA").

5. Elam's revised GCA is \$9.0018 per Mcf, which is \$1.8598 per Mcf less than the previous GCA of \$10.8616.

6. The rates in the Appendix to this Order are fair, just and reasonable, in the public interest, and should be approved for service rendered by Elam on and after January 1, 2002.

IT IS THEREFORE ORDERED that:

1. Elam's proposed rates are denied.

2. The rates in the Appendix to this Order are approved for service rendered on and after January 1, 2002.

3. Within 20 days of the date of this Order, Elam shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 17th day of December, 2001.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas W. (T) [unclear]", written over a horizontal line.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2000-432-B DATED December 17, 2001

The following rates and charges are prescribed for the customers served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Residential

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
Customer Charge			\$6.15
First 11 Mcf	\$4.1214	\$9.0018	\$13.1232
Over 11 Mcf	5.1214	9.0018	\$14.1232

Industrial

Customer Charge			\$9.01
All Mcf	\$4.1214	\$9.0018	\$13.1232