

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT	)	CASE NO.
FILING OF ELAM UTILITY COMPANY	)	2002-00081

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 March 14, 2002, Elam filed its proposed GCA to be effective April 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 increase in wholesale gas costs. Elam s notice sets out an expected gas cost ( EGC ) of \$5.7298 per Mcf. Elam incorrectly adjusted for line loss although its line loss was less than five percent. Correcting for this error produces an EGC of \$5.6194 per Mcf, .32 cent per Mcf more than the prior EGC of \$5.6162.

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 (83.05) cents per Mcf. Elam incorrectly calculated its cost difference for November 2001 and used its GCA rather than its EGC for October, November and December 2001. Correcting for this error produces a current AA of (8.55) cents per Mcf. Elam's notice sets out a total AA of \$2.5546 per Mcf. Elam carried forward an incorrect amount for the AA for the previous quarter, included an expired quarterly AA of \$2.4452 and did not include the AA of (12.46) cents per Mcf from Case No. 9845-G that will be in effect until October 1, 2002. Correcting for this and the current quarter AA produces a total AA of 58.94 cents per Mcf, a decrease of \$2.7966 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 \$6.2084 per Mcf, which is \$2.7934 per Mcf less than the previous GCA of \$9.0018.

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 April 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 April 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 26<sup>th</sup> day of March, 2002.

By the Commission

ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2002-00081 DATED March 26, 2002

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	\$6.2084	\$10.3298
Over 11 Mcf	5.1214	6.2084	\$11.3298

Industrial

Customer Charge			\$9.01
All Mcf	\$4.1214	\$6.2084	\$10.3298