

COMMONWEALTH OF KENTUCKY

BEFORE THE ENERGY REGULATORY COMMISSION

* * * * *

In the Matter of:

MOTION TO ADJUST RATES IN ACCORDANCE)
WITH PURCHASED GAS ADJUSTMENT CLAUSE) CASE NO. 7059-K
OF JOHNSON COUNTY GAS COMPANY, INC.)

O R D E R

On November 17, 1978, the Commission issued its Final Order in Case No. 7059 approving certain rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On November 12, 1979, the Applicant, Johnson County Gas Company, Inc., notified the Commission that its wholesale cost of gas would be increased by its supplier, Kentucky-West Virginia Gas Company (Kentucky-West), effective December 1, 1979, and submitted with its notice certain information in compliance with this Commission's Order of November 17, 1978. The notice set out certain revisions in rates which the Applicant proposed to place in effect with gas supplied on and after December 1, 1979, said rates being designed to increase the cost of natural gas of its supplier in the amount of \$7,500.

On October 29, 1979, Kentucky-West filed "Eleventh Revised Sheet No. 27" pursuant to Section 154.63 of the Federal Energy Regulatory Commission's (FERC) Regulations reflecting an increase in rates under Rate Schedule PLS-1 and GSS-1, and, as an alternative, also filed "Substitute Tenth Revised Sheet No. 27" for use if "Eleventh Revised Sheet No. 27" was suspended.

By Order issued on November 30, 1979, FERC accepted for filing and suspended for five months until May 1, 1980, Kentucky-West's "Eleventh Revised Sheet No. 27."

In its Order of November 30, 1979, FERC also conditionally accepted for filing Kentucky-West's "Substitute Tenth Revised Sheet No. 27," but required Kentucky-West to file within 15 days revised tariff sheets to be effective November 1, 1979, restating its presently effective base tariff rates in accordance with Section 154.38(d)(4)(vi) of the FERC's Regulations.

On December 14, 1979, Kentucky-West, in accordance with the above mentioned Order, filed with the FERC "Third Substitute Tenth Revised Sheet No. 27," to be effective November 1, 1979.

The Commission after consideration of the information filed by the Applicant in this matter and being fully advised is of the opinion and finds:

(1) That the Energy Regulatory Commission is being asked to approve a price increase already approved by the Federal Energy Regulatory Commission when it granted the Applicant's supplier, Kentucky-West Virginia Gas Company, a wholesale gas cost increase. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair and unjust to the Company and would ultimately result in higher rates to their consumers in any event. The Commission has (in writing) indicated its opposition to the procedures and regulations used by the Federal agency in approving these supplier increases since 1975. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

(2) That the Applicant's supplier, Kentucky-West, has filed for increased rates to become effective November 1, 1979.

(3) That the application filed November 12, 1979, reflected Kentucky-West's rates as filed with the FERC on December 14, 1979, at Docket No. RP80-7, to be effective November 1, 1979.

(4) That the magnitude of this filing exposes the Applicant to substantial under-recovery of its gas cost if the rates are not implemented in a timely manner.

(5) That the Commission should waive its policy of requiring evidence of FERC acceptance in this case and allow the Applicant to place into effect subject to refund the rates set out in Appendix "A".

(6) That the Applicant's adjustment in rates under the Purchased Gas Adjustment provisions approved by the Commission in its Order in Case No. 7059, dated November 17, 1978, is fair, just and reasonable and in the public interest and should be effective

with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that the Purchased Gas Adjustment sought by the Applicant as set out in Appendix "A" attached hereto and made a part hereof, be and the same, is hereby approved to be effective subject to refund with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

IT IS FURTHER ORDERED that for the purpose of the future Application of the Purchased Gas Adjustment Clause of Applicant the Base Rate for purchased gas shall be:

	<u>Commodity</u>
Kentucky-West Virginia Gas Company	1.1978¢/dth

IT IS FURTHER ORDERED that Johnson County Gas Company, Inc., shall maintain its records in such manner as will enable it, or the Commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that within thirty (30) days after the date of this Order, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on November 8, 1979, constitutes full compliance with the Commission's requirements and Order in Case No. 7059, and any other information ordinarily required to be filed under the Commission's regulations is hereby waived.

Done at Frankfort, Kentucky, this 17th day of January, 1980.

ENERGY REGULATORY COMMISSION



For the Commission

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 7059-K DATED JANUARY 17, 1980.

The following rates are prescribed for the customers in the area served by Johnson County Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

In the area served by natural gas from Kentucky-West Virginia Gas Company.

First	2 MCF	\$3.3046 per MCF
All Over	2 MCF	2.8947 per MCF

The minimum monthly bill shall be \$5.00 per month when the usage is less than 2 MCF.