

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

MOTION TO ADJUST RATES IN ACCORDANCE)
WITH PURCHASED GAS ADJUSTMENT CLAUSE) CASE NO. 7176-C
OF MIKE LITTLE GAS COMPANY, INC.)

O R D E R

On December 6, 1978, the Commission issued its Final Order in Case No. 7176 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 7, 1979, the Applicant, Mike Little 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 December 6, 1978. The notice set out certain revisions in rates which the Applicant proposed to place in effect, said rates being designed to increase the cost of natural gas of its supplier.

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 amount of the increased cost of gas to the Applicant will be \$25,434 on an annual basis.

After reviewing this evidence of record and being fully advised, the Commission 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 December 6, 1979, has been adjusted to reflect 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. 7176, dated December 6, 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 the Applicant, the base rate for purchased gas shall be:

	<u>Commodity</u>
Kentucky-West Virginia Gas Company	\$1.1978 per dth*

*Includes 0.35¢ per dth gas Research Institute Funding Charge.

IT IS FURTHER ORDERED that Mike Little 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 December 6, 1979, constitutes full compliance with the Commission's requirements and Order in Case No. 7176, 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. 7176-C DATED JANUARY 17, 1980.

The following rates are prescribed for the customers in the area served by Mike Little 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.

Monthly Rates:

First	2 MCF	\$2.69 per MCF
Next	28 MCF	2.49 per MCF
Over	30 MCF	2.44 per MCF

Minimum Bill

The minimum bill shall be \$4.20 which entitles the user to less than 2 MCF per month.