

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF LOUISVILLE GAS)	CASE NO. 7301-G
AND ELECTRIC COMPANY)	

O R D E R

On June 1, 1979, the Commission issued its Opinion and Order in Case No. 7301, approving certain adjustments in the rates of Louisville Gas and Electric Company, the Applicant herein, and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On July 3, 1980, the Applicant filed its Notice and Application with the Commission stating that it had received an increase from its supplier, Texas Gas Transmission Corporation (Texas Gas). On June 26, 1980, Texas Gas filed with the Federal Energy Regulatory Commission (FERC), increased rates to become effective August 1, 1980. The Texas Gas filing reflects changes in its cost of purchased gas, the recovery of demand charge adjustments and changes in the Louisiana First Use Tax.

The total amount of the increase is \$7,469,908 of which the Company has calculated that \$160,984 is applicable to gas purchased for Electric Department fuel and \$7,308,924 is applicable to Company's Gas Department. The Applicant has calculated an increase of 1.194¢ per 100 cubic feet based on purchases for twelve (12) months ending May 31, 1980.

On June 19, 1980, the Applicant received a cash refund from Texas Gas of \$222,740.83 representing Louisville Gas and Electric Company's portion of a refund received by Texas Gas from Texas Eastern Transmission Corporation. The refund is based on provisions of settlement agreements in various dockets and orders of the FERC and covers a period extending from February 15, 1957, through July 31, 1972.

On June 30, 1980, the Applicant received another refund from Texas Gas of \$12,504.80 representing Applicant's share of refund obligations contained in section XIII of the Stipulation and Agreement in FERC Docket No. RP78-94.

The Applicant has calculated that \$229,916.95 of the refunds is applicable to the Applicant's Gas Department after reduction of \$5,328.68 for that portion applicable to gas purchased for the Electric Department. These calculations, along with the calculation of the refund factor of .039¢ per 100 cubic feet corresponding to the Refundable Amount of \$229,916.95, are shown on Exhibit E of the Applicant's application.

After the review of the Notice and Application filed in this case and being advised the Commission is of the opinion and finds:

(1) That the Applicant has on hand \$235,245.63 to be refunded and that \$229,916.95 of the refund is applicable to the Company's Gas Department.

(2) That the Applicant should refund said monies to their customers effective August 1, 1980, and continuing for twelve (12) months at a refund factor of .039¢ per 100 cubic feet.

(3) 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, Texas Gas, 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.

(4) That the Applicant's supplier, Texas Gas, has filed for increased rates to become effective August 1, 1980.

(5) That the Application filed July 3, 1980, reflected Texas Gas' rates as filed with the FERC on June 26, 1980, to be effective August 1, 1980.

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

(7) 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 Finding (10).

(8) That the Applicant's adjustment in rates under the Purchased Gas Adjustment provisions approved by the Commission in its Order in Case No. 7301, dated June 1, 1979, is fair, just, 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.

(9) That an increase of 1.194¢ per 100 cubic feet in Applicant's Purchased Gas Adjustment is proper to give effect to the Texas Gas rate increase.

(10) That the Purchased Gas Adjustment of the Applicant shall be adjusted to the following, effective August 1, 1980.

PGA corresponding to Base Supplier Rate	7.074¢
Refund Factor effective August 1, 1979, and continuing for twelve months or until Company has discharged its re- fund obligation from Case No. 7301-A	(.062)
Refund Factor effective October 1, 1979, and continuing for twelve months or until Company has discharged its re- fund obligation from Case No. 7301-B	(.030)
Refund Factor effective April 1, 1980, and continuing for twelve months or until Company has discharged its re- fund obligation from Case No. 7301-E	(.025)
Refund Factor effective June 1, 1980, and continuing for twelve months or until Company has discharged its re- fund obligation from Case No. 7301-F	(.021)
Refund Factor effective August 1, 1980, and continuing for twelve months or until Company has discharged its re- fund obligation from Case No. 7301-G	<u>(.039)</u>
Total Adjustment Per 100 Cubic Feet	6.897¢

IT IS THEREFORE ORDERED that the Purchased Gas Adjustment sought by the Applicant as set out in Finding (10) above 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 Louisville Gas and Electric Company shall maintain its records in such manner as will enable it, or the Commission, or any of its customers to determine the amount 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, the Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

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>Monthly Demand Charge</u>	<u>Commodity Charge</u>
Texas Gas Transmission Corporation		
Rate G-4	\$2.56	213.55¢

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant in this case constitutes full compliance with the Commission's Order in Case No. 7301, and any other information ordinarily required to be filed under the Commission's Rules is hereby waived.

Done at Frankfort, Kentucky, this 4th day of August, 1980.

ENERGY REGULATOR COMMISSION



For the Commission

ATTEST:

Secretary