

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. 7799-A
AND ELECTRIC COMPANY)	

O R D E R

On September 24, 1980, the Commission issued its Opinion and Order in Case No. 7799, 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 October 17, 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 May 1, 1980, Texas Gas filed with the Federal Energy Regulatory Commission (FERC) a general rate increase proposed to be effective June 1, 1980. In its Order dated May 30, 1980, the FERC suspended the proposed rates for five months, until November 1, 1980.

On September 29, 1980, Texas Gas filed with the FERC its motion under Section 4 of the Natural Gas Act to place the rates in effect November 1, 1980, subject to refund.

The total amount of the increase is \$6,053,137 of which the Company has calculated that \$166,903 is applicable to gas purchased for Electric Department fuel and \$5,886,234 is applicable to Company's Gas Department. The Applicant has calculated an increase of 9.83¢ per MCF based on purchases for twelve (12) months ending August 31, 1980.

On September 18, 1980, the Applicant received a cash refund from Tennessee Gas Pipeline (Tennessee) of \$67,763.73 representing Louisville Gas and Electric Company's portion of a refund received by Tennessee from certain producers. The refunds cover a period extending from January 1, 1961, through March 7, 1968.

The Applicant has determined that no portion of the refund is applicable to the Electric Department, therefore, the entire amount of \$67,763.73 is refundable to the Company's gas customers. These calculations, along with the calculation of the refund factor of .011¢ per 100 cubic feet corresponding to the Refundable Amount of \$67,763.73, as shown on Applicant's Exhibit E.

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 \$67,763.73 to be refunded and that \$67,763.73 of the refund is applicable to the Company's Gas Department.

(2) That the Applicant should refund said monies to their customers effective November 1, 1980, and continuing for twelve (12) months at a refund factor of .011¢ 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 November 1, 1980.

(5) That the Application filed October 7, 1980, reflected Texas Gas' rates as filed with the FERC on September 29, 1980, to be effective November 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. 7799, dated September 24, 1980, 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 7.074¢ 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 November 1, 1980.

PGA corresponding to Base Supplier Rate	.983¢
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	(.039)
Refund Factor effective November 1, 1980, and continuing for twelve months or until Company has discharged its re- fund obligation from Case No. 7799-A	(.011)
Total Adjustment Per 100 Cubic Feet	.857¢

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	\$2.97	\$221.42¢

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. 7799, and any other information ordinarily required to be filed under the Commission's Rules is hereby waived.

Done at Frankfort, Kentucky, this 31st day of October, 1980.

ENERGY REGULATORY COMMISSION


By the Commission

ATTEST:

Secretary