

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN ADJUSTMENT OF RATES)
OF EQUITABLE GAS COMPANY)

CASE NO. 6602-M

O R D E R

On December 8, 1976, the Commission issued its Final Order in Case No. 6602, 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 April 8, 1981, the Applicant, Equitable Gas Company, notified the Commission that its wholesale cost of gas will be increased by its supplier, Kentucky-West Virginia Gas Company (Kentucky-West), effective May 1, 1981, and submitted with its notice certain information in compliance with this Commission's Order of December 8, 1976. The notice set out an increased cost of natural gas of its supplier in the amount of \$67,861.

On November 9, 1978, the President of the United States signed into law the Natural Gas Policy Act of 1978, which established significantly higher rates for producers of certain categories of natural gas. This federal legislation has resulted in higher gas costs to interstate pipeline companies serving the various gas consuming states, including Kentucky. Once the Federal Energy Regulatory Commission (FERC) approves the right of these interstate transmission companies to pass this increased cost on to its distribution company customers, state commissions must, in turn, allow intrastate distributors to pass their increased costs on to their customers by adjusting the basic rates.

After reviewing this evidence of record and being advised the Commission is of the opinion and finds:

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the FERC in approving these supplier increases. 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. The FERC approval of a wholesale rate increase to a Kentucky gas retailer requires approval by the Commission of rates that will permit the Kentucky utility to adjust its customer charges to reflect the added purchase cost. 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 unjust to the Company and would ultimately result in higher rates to their consumers in any event.

3. That the Applicant's supplier, Kentucky-West has filed revised tariff sheets reflecting an increase in rates with the FERC and said increase will become effective May 1, 1981, and that this filing includes an adjustment for Gas Research Institute Funding.

4. That these revised tariffs result in increased rate to the Applicant and said increase will be made effective May 1, 1981.

5. That the adjustments in rates under the Purchased Gas Adjustment Clause approved by the Commission in its Order in Case No. 6602 dated, December 8, 1976, as set out in Appendix "A", and attached hereto and made a part hereof are fair, just and reason-

able and in the public interest and should be allowed, subject to refund, to be effective with gas supplied on and after May 1, 1981.

IT IS THEREFORE ORDERED that the rates including the proposed Purchased Gas Adjustment sought by the Applicant be and the same are hereby approved, subject to refund, to be effective with gas supplied on and after May 1, 1981, as set out in Appendix "A" attached hereto and made a part hereof.

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:

Commodity


\$1.3419/dth

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on April 8, 1981, constitutes full compliance with the Commission's Order in Case No. 6602 and any other information ordinarily required to be filed under the Commission's Rules is hereby waived.

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.

Done at Frankfort, Kentucky, this 22nd day of April, 1981.

PUBLIC SERVICE COMMISSION


By the Commission

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 6602-M DATED
APRIL 22, 1981

The following rates are prescribed for the customers in the area served by Equitable Gas Company. 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 Commission.

RATES: Monthly

| | | |
|----------|---------|----------------|
| First | 2 MCF | 3.6947 per MCF |
| Next | 18 MCF | 1.6624 per MCF |
| Next | 30 MCF | 1.6074 per MCF |
| Next | 50 MCF | 1.5574 per MCF |
| All Over | 100 MCF | 1.5074 per MCF |

The minimum bill shall be \$1.80 which entitles the user to less than 2 MCF of natural gas per month.