

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. 6602-0

O R D E R

On December 8, 1976, the Commission issued its 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 October 6, 1981, Equitable Gas Company ("Equitable") notified the Commission that its wholesale cost of gas will be increased by its supplier, Kentucky-West Virginia Gas Company ("Kentucky-West"), effective November 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 \$87,478.

On November 9, 1978, the Natural Gas Policy Act of 1978 was signed into law, 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 intra-state distributors to pass their increased costs on to their customers by adjusting the base rates.

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

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

4. These revised tariffs result in increased rates to Equitable and said increase will be made effective November 1, 1981.

5. 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 in Appendix A, attached hereto and made a part hereof are fair, just and reasonable and in the public interest and should be allowed to be effective with gas supplied on and after November 1, 1981.

IT IS THEREFORE ORDERED that the rates including the proposed purchased gas adjustment sought by Equitable be and the same are hereby approved to be effective with gas supplied on and after November 1, 1981, as 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 Equitable, the base rate for purchased gas shall be:

Commodity

\$1.4373/dth

IT IS FURTHER ORDERED that the information furnished this Commission by Equitable on October 6, 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 regulations is hereby waived.

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

Done at Frankfort, Kentucky, this 11th day of November 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Vohs

By the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 6602-0 DATED NOVEMBER 11,
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	3.9293 per MCF
Next	18 MCF	1.7797 per MCF
Next	30 MCF	1.7247 per MCF
Next	50 MCF	1.6747 per MCF
All Over	100 MCF	1.6247 per MCF

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