

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED GAS ADJUSTMENT FILING)
OF WESTERN KENTUCKY GAS COMPANY) Case No. 7157-GG

O R D E R

On December 6, 1978, the Commission issued its Order in Case No. 7157, approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On July 10, 1981, Western Kentucky Gas Company ("Applicant"), filed with the Commission its notice of a change in rates from two of its suppliers.

On June 29, 1981, Texas Gas Transmission Corporation ("Texas Gas") filed thirty-fourth Revised Sheet No. 7 to its FPC Gas Tariff, Third Revised Volume No. 1. The purpose of this filing is to reflect changes in the cost of gas purchased pursuant to the provisions of Texas Gas Purchased Gas Adjustment Clause approved by Commission Order issued July 31, 1972, in Docket No. RP72-156. The producer rates utilized in determining the projected cost of purchased gas for the period August 1981 through January 1982 for those categories of gas subject to monthly escalations under the NGPA, are the average rates estimated to be effective during the period. Also reflected in the filing are changes in costs associated with advance payments and the cost of transportation of gas by others. These changes are made pursuant to the provisions of Articles VII and IX of the Stipulation

and Agreement approved by Commission Order issued June 8, 1981, in Docket No. RP80-101. Texas Gas has requested that the revised tariff sheet become effective August 1, 1981.

On July 7, 1981, Tennessee Gas Pipeline Company ("Tennessee Gas") notified the Applicant by telephone of their reduced rates reflecting the elimination of the Louisiana First Use Tax. This filing will be made by Tennessee Gas on July 10, 1981 and the Applicant will forward the Revised Tariff Sheet to this Commission. The reduced rates will be made effective on Tennessee Gas billings for gas purchased on and after June 1, 1981. The Applicant requests that the new rate to the Company be made effective August 1, 1981. The Applicant proposes to report to this Commission any excess revenues collected during the period June 1, 1981 through July 31, 1981, along with a plan to refund any excess collections.

This filing further reflects the Applicant's semi-annual adjustment for local production costs as detailed in Applicant's Exhibit C. pages 2-5.

As a result of the changes effective as aforesaid, the cost of gas to the Applicant for the twelve months ended May 31, 1981, would have increased \$14,700,280.

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

(1) The Applicant's supplier, Texas Gas, has filed revised tariff sheets reflecting an increase in rates with the Federal Energy Regulatory Commission ("FERC") and said increase is to become effective August 1, 1981.

(2) The Applicant's supplier, Tennessee Gas, has filed revised tariff sheets reflecting a decrease in rates effective June 1, 1981. The Applicant proposes that the new rate to the Applicant be made effective August 1, 1981.

(3) The Applicant shall report to the Commission any excess revenues collected during the period of June 1, 1981 through July 31, 1981 along with a plan to refund any excess collections to its customers.

(4) The Applicant's filing of July 10, 1981, further reflects the Applicant's semi-annual adjustment for local production costs.

(5) The Applicant's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 7157, dated December 6, 1978, is fair, just and reasonable and in the public interest and should be made effective with gas supplied on and after August 1, 1981, subject to refund.

(6) The Applicant's base supplier rate for purchased gas will be as follows:

	<u>Demand/MCF</u>	<u>Commodity/MCF</u>
Texas Gas Transmission Corporation		
G-2	\$2.15	\$2.6668
G-3	2.55	2.7152
G-4	2.93	2.7526
	<u>Commodity Rate</u>	<u>Gas Rate</u>
Tennessee Gas Pipeline Company		
G-2	\$.3330	\$2.3526
GS-2	.4520	2.3526
Local Producers	-	2.7990

(7) The Applicant's adjustment in rates under the purchased gas adjustment clause, as set out in Exhibit D, page 1 of its notice herein, in the amount of \$1.6368 per Mcf is fair, just, reasonable and in the public interest and should be allowed to become effective for service rendered on and after August 1, 1981, subject to refund.

IT IS THEREFORE ORDERED that said purchased gas adjustment sought by the Applicant, as set forth in Exhibit D, page 1 of its notice, be and the same is hereby approved to be effective, subject to refund, for service rendered on and after August 1, 1981, for all customers as set out in Appendix A attached hereto and made a part hereof.

IT IS FURTHER ORDERED that the Applicant shall report to this Commission any excess revenues collected during the period June 1, 1981, through July 31, 1981, along with a plan to refund any excess collections to its customers.

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>Demand/MCF</u>	<u>Commodity/MCF</u>
Texas Gas Transmission Corporation		
G-2	\$2.15	\$2.6668
G-3	2.55	2.7152
G-4	2.93	2.7526
	<u>Commodity Rate</u>	<u>Gas Rate</u>
Tennessee Gas Pipeline Company		
G-2	\$.3330	\$2.3526
GS-2	.4520	2.3526
Local Producers	-	2.7990

IT IS FURTHER ORDERED that any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within 30 days from 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 31st day of July, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Joby

For the Commission

Katherine Randall

Don Langan

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 7157-GG Dated JULY 31, 1981.

The following rates are prescribed for the customers in the area served by Western Kentucky 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 Order.

RATES:

Applicable to All Rate Schedules

Purchased Gas Adjustment

To each bill rendered under all rate schedules there shall be added an amount equal to; 1.6368 per Mcf of gas used during the billing period.