

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the Matter of:

A PURCHASED GAS ADJUSTMENT )  
FILING OF WESTERN KENTUCKY ) CASE NO. 7157-HH  
GAS COMPANY )

O R D E R

On December 6, 1978, the Commission entered its final 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, decreased or refunds are received.

On July 13, 1981, Western Kentucky Gas Company ("Applicant") filed its notice and application with the Commission stating that it had received a refund from two of its suppliers, Texas Gas Transmission Corporation ("Texas Gas") and Tennessee Gas Pipeline Company ("Tennessee Gas").

On June 12, 1981, the Applicant received a refund in the amount of \$805,964.53 from Texas Gas, resulting from Texas Gas' approved settlement rates in FERC Docket RP80-101, for the period November 1, 1980 through April 30, 1981. The refund is the difference between the amounts paid by Applicant and the amounts which would have been paid under the approved settlement rates plus interest.

This filing also reflects an estimated \$356,960 excess revenues that will be collected by Applicant for the period May 1, 1981 through July 31, 1981, due to the retroactive rate settlement and the elimi-

nation of the Louisiana First Use Tax. The Texas Gas rate settlement was reflected in Case No. 7157-FF effective July 1, 1981, and the elimination of the Louisiana First Use Tax in Case No. 7157-GG requested to become effective August 1, 1981. As a result of the rate settlement, a refund obligation of \$5,569.31 is attributable to local production purchases for the period April 1, 1981 through May 31, 1981.

In addition, refunds were received from Texas Gas on June 19, 1981, in the amount of \$42,640.80 and from Tennessee Gas on July 2, 1981, in the amount of \$14,095.13. The Texas Gas refund is in accordance with the Stipulation and Agreement approved by Commission Order issued June 8, 1981, in Docket No. RP80-101. The Tennessee Gas refund is the Applicant's share of certain refunds received by Tennessee Gas from its producer-suppliers pursuant to various Commission opinions and orders, as a result of negative NGPA well category determinations, and as a result of corrections on invoices.

The Applicant's total refundable amount is \$1,225,229.77. The approved Purchased Gas Adjustment Clause of the Applicant requires that refunds be made over a four month period. Since this refund will occur primarily during the non-heating months, a disproportionate share of the refund would go to industrial customers. Exhibit 1 of the Applicant's application shows that refunds over a four month period would result in estimated refunds of \$290,405 to residential customers and \$760,733 to industrial customers. The distribution of the refund in this manner appears to be unfair and discriminatory. The PGA clause of the Applicant provides that in the event of any large or unusual refunds, the Applicant may apply for the right to depart from the normal refund procedure. Since this refund is very large the Applicant requests permission to make it over a twelve month period

rather than a four month period. Using the twelve month period it is estimated that residential customers would receive a refund of \$424,200 and industrials \$575,700, which represents a fair and equitable distribution of the refund.

The total refundable amount in the filing is \$1,225,229.77. The Company proposes to refund this amount to its customers over a period of twelve months in accordance with the refund provisions of the Company's Purchased Gas Adjustment Clause beginning on August 1, 1981, said adjustment being designed to pass on to its customers a reduction in the amount of \$.0303 per thousand cubic feet of gas and that said adjustment be eliminated when the full amount to be refunded has been returned to the Company's customers.

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

(1) The Applicant has received refunds in the amount of \$1,225,229.77 from its suppliers Texas Gas and Tennessee Gas.

(2) A refund factor in the amount of \$.0303 per thousand cubic feet of gas be used as a reduction in the purchased gas adjustment.

(3) The said refund shall remain in effect for twelve months or until such time as the full amount has been returned to their customers.

IT IS THEREFORE ORDERED that Western Kentucky Gas Company, apply a refund factor in the amount of \$.0303 per thousand cubic feet of gas as a reduction in the approved Purchased Gas Adjustment beginning August 1, 1981, to remain in effect until such time as necessary so that the refund will, nearly as possible, reflect the exact amount.

The refund factor will terminate at such period of time that

the refundable amount equals the refund herein reported.

IT IS FURTHER ORDERED that this information furnished this Commission by Applicant in this case constitutes full compliance with the Commission's Order in Case No. 7157 and any other information ordinarily required to be filed under the Commission's rules is hereby waived.

Done at Frankfort, Kentucky, this 5th day of August 1981.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

\_\_\_\_\_  
Secretary