

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

A PURCHASED GAS ADJUSTMENT)
FILING BY OHIO RIVER GAS) CASE NO. 8041-D
COMPANY, INC.)

O R D E R

On May 12, 1981, the Commission entered its Order in Case No. 8041, in which it prescribed new base rates and a purchased gas adjustment clause setting forth the wholesale rates upon which future purchased gas adjustments should be based when the wholesale cost of gas is increased, decreased or refunds are received.

On September 2, 1981, Ohio River Gas Company, Inc., ("Applicant"), notified the Commission that as a result of the Federal Energy Regulatory Commission ("FERC") Order issued June 1, 1981, regarding Texas Gas Transmission Corporation's ("Texas Gas") rate case in Docket No. RP80-101, the Applicant received a refund from its gas supplier, Ohio River Pipeline Corporation ("Ohio River Pipeline"). The refund reflects the difference between amounts paid by the Applicant and the amounts that would have been paid by reflecting the rates approved in Texas Gas' Stipulation and Agreement for gas purchased from November 1, 1980, through April 30, 1981.

The Applicant did not have a purchased gas adjustment charge in its schedule of rates until August 1, 1976, at which time a purchased gas adjustment clause was implemented pursuant to the Commission's Order in Case No. 6526-A issued July 22, 1976. Since the Applicant did not begin to recover increases in purchased gas costs until August 1, 1976, only that portion of the above described refund which is associated with gas purchased on or after such date is subject to be refunded to the Applicant's customers. This refund amount is \$6,820.

On three separate occasions Texas Gas implemented reduced rates on a retroactive basis pursuant to FERC Orders. The rates made retroactively effective on November 1, 1980 in Docket No. RP80-101 were not reflected in the Applicant's purchased gas adjustment until December Cycle 21. Therefore, bills issued for gas sold from November 1 through December Cycle 11, 1980, were calculated with an overstated purchased gas adjustment rate. The retroactive rates made effective May 1, 1981, in Docket Nos. RM78-23 and RP80-101 were not reflected in the Applicant's purchased gas adjustment rates until July 1, 1981. Bills issued for May 1 through July 1, 1981, were calculated with overstated purchased gas adjustment rates as a result. The resulting over-billed amounts, which have been determined to be \$732, are also subject to refund.

In addition to the aforementioned refunds, the Applicant also proposed to pass along the under refund balance reported to the Commission in connection with Case No. 6671-U. The balance to be refunded is \$9.

The Applicant's notice of September 2, 1981, set out certain adjustments which the Applicant proposed to place in effect said adjustments being designed to pass on to its customers a reduction in the amount of \$7,561 or a decrease of 22.0 cents per Mcf and that said adjustment would be eliminated when the full amount to be refunded has been returned to the Applicant'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 \$7,561 to be refunded to its customers.

(2) A refund factor in the amount of 22.0 cents per Mcf be used as a reduction in the purchased gas adjustment.

(3) The refund should begin with the Applicant's next billing cycle or as soon as practical.

(4) The refund should remain in effect for 12 months or until such time as the full amount plus interest has been returned to its customers.

(5) The Applicant should refund the amounts reported in its application plus interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period less 1/2 of 1% to cover the costs of refunding. These monthly rates are reported in both the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

IT IS THEREFORE ORDERED that Ohio River Gas Company, Inc., apply a refund factor in the amount of 22.0 cents per Mcf per thousand cubic feet of gas as a reduction in the approved

purchased gas adjustment beginning with the Applicant's next billing cycle, or as soon as practical, and remain in effect until such time as necessary so that the refund will, as 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 plus interest.

IT IS FURTHER ORDERED that the information furnished the Commission by Applicant constitutes full compliance with the Commission's Order in Case No. 8041 and any other information ordinarily required to be filed under the Commission's regulations is hereby waived.

Done at Frankfort, Kentucky, this 19th day of October, 1981.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:

Secretary