

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)
COMPANY, INC.) CASE NO. 8041-F

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 used when the wholesale cost of gas is increased, decreased or refunds are received.

On November 30, 1981, Ohio River Gas Company, Inc., ("Ohio River") notified the Commission that it had received two refunds from its supplier Texas Gas Transmission Corporation ("Texas Gas").

On June 15, 1981, the Supreme Court of the United States issued a judgement declaring the Louisiana First Use Tax ("LFUT") on natural gas unconstitutional and directing the state of Louisiana to refund all revenues collected, together with all interest earned by Louisiana from the securities in which the revenues and interest were invested. An interim rule issued by the Federal Energy Regulatory Commission ("FERC") on July 17, 1981, in Docket No. RM78-23,

required that Texas Gas pass through refunds received from Louisiana. Ohio River has received six separate refunds totaling \$2,594 from Texas Gas as a result of the LFUT rulings.

Texas Gas implemented reduced rates pursuant to the FERC Order in Docket No. TA81-2-18-001, which were retroactive to August 1, 1981, Ohio River's purchased gas adjustment did not reflect the rate reduction, however, until October Cycle 21. Therefore, bills issued for gas sold from August 1 through October Cycle 11, 1981, were calculated with an overstated purchased gas adjustment rate. The resulting over billed amount, which has been determined to be \$197, is also subject to refund.

Ohio River's notice of November 30, 1981, set out certain adjustments which Ohio River proposed to place in effect with gas supplied on and after December 1, 1981, said adjustments being designed to pass on to its customers a reduction in the amount of \$2,791 or a decrease of 31.6 cents per Mcf and that said adjustment would be eliminated when the full amount to be refunded has been returned to Ohio River's customers.

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

(1) Ohio River has \$2,791 to be refunded to its customers.

(2) A refund factor in the amount of 31.6 cents per Mcf be used as a reduction in the purchased gas adjustment.

(3) The refund factor should remain in effect for one month, or until such time as the full amount has been returned to their customers.

IT IS THEREFORE ORDERED that Ohio River apply a refund factor in the amount of 31.6 cents per Mcf of gas as a reduction in the approved purchased gas adjustment beginning December 1, 1981, and remain in effect until such time as necessary, so that the refund will, nearly as possible, reflect the exact amount.

IT IS FURTHER ORDERED that the information furnished the Commission by Ohio River 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 10th day of December, 1981.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:

Secretary