

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF WESTERN)	CASE NO. 8227-B
KENTUCKY GAS COMPANY)	

O R D E R

On October 9, 1981, the Commission issued its Order in Case No. 8227, 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 December 4, 1981, Western Kentucky Gas Company ("Western") filed with the Commission its notice of an increase in rates from two of its suppliers, effective January 1, 1982.

On December 1, 1981, Texas Gas Transmission Corporation ("Texas Gas") filed thirty-fifth revised sheet No. 7 to its FPC gas tariff, third revised volume No. 1. The revised tariff sheet reflects the 1982 general R & D funding unit as authorized by Opinion No. 131, issued by the Commission on September 23, 1981, in Docket No. RP81-72 pursuant to Section 24 of Texas Gas' tariff.

On November 30, 1981, Tennessee Gas Pipeline Company ("Tennessee") filed third revised sheet No. 21, and fourth revised sheet No. 20 to original volume No. 1 of its FERC Gas Tariff. The purposes of the revised tariff sheets are to adjust Tennessee's rates pursuant to Articles XXIII, XXIV, XXV, XXVII and XXIX of

the general terms and conditions of its FERC Gas Tariff, consisting of a PGA rate adjustment, a rate adjustment to reflect curtailment credits, an R & D rate adjustment, and estimated incremental pricing surcharges.

As a result of the changes effective as aforesaid the cost of gas to Western for the 12-month period ended October 31, 1981, would have increased \$2,011,686.

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

(1) The Public Service Commission is being asked to approve a price increase already approved by the FERC when it granted Western's suppliers, Tennessee and Texas Gas, a wholesale gas cost increase. 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 unfair and unjust to Western and would ultimately result in higher rates to their consumers in any event. The Commission has (in writing) indicated its opposition to the procedures and regulations used by the federal agency in approving these supplier increases since 1975. 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) Western's suppliers, Tennessee and Texas Gas, have filed revised tariff sheets reflecting an increase in rates with the FERC and said increase is to become effective January 1, 1982.

(3) The application filed December 4, 1981, reflected Tennessee and Texas Gas' rates as filed with the FERC to be

effective January 1, 1982.

(4) The magnitude of this filing exposes Western to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

(5) The Commission should waive its policy of requiring evidence of FERC acceptance in this case and allow Western to place into effect subject to refund the rates in Appendix A.

(6) Western's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8227, dated October 9, 1981, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

(7) Western'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	\$ 2.22	\$2.6430
G-3	2.62	2.6914
G-4	3.00	2.7288
	<u>Commodity</u>	<u>Gas Rate</u>
Tennessee Gas Pipeline Company		
G-2	\$.3194	\$2.7145
GS-2	.6673	2.7145
Local Producers	-	2.7775

(8) Western's adjustment in rates under the purchased gas adjustment clause, as set out in Exhibit C, page 1 of its notice herein, in the amount of 5.1¢ cents per Mcf, is fair, just and reasonable and in the public interest and should be

allowed to become effective for service rendered on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that said purchased gas adjustment sought by the Western, as set forth in Exhibit O, page 1 of its notice, be and hereby is approved to be effective for service rendered on and after the date the increased cost of wholesale gas becomes effective, subject to refund, for all customers in Appendix A attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Western shall maintain its records in such manner as will enable it, or the Commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHERED ORDERED that for the purpose of the future application of the purchased gas adjustment clause of Western the base rate for purchased gas shall be:

	<u>Demand/Mcf</u>	<u>Commodity/Mcf</u>
Texas Gas Transmission Corporation		
G-2	\$ 2.22	\$2.6430
G-3	2.62	2.6914
G-4	3.00	2.7288
	<u>Commodity</u>	<u>Gas Rate</u>
Tennessee Gas Pipeline Company		
G-2	\$.3194	\$2.7415
GS-2	.6673	2.7145
Local Producers	-	2.7775

IT IS FURTHER ORDERED that the information furnished this Commission Western on December 4, 1981, constitutes full compliance with the Commission's Order in Case No. 8227, 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 from the date of this Order, Western shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 28th day of December, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voth
For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8227-B DATED
DECEMBER 28, 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: 8.43 cents per Mcf of gas used during the billing period.