

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF) CASE NO. 6602-U
EQUITABLE GAS COMPANY)

O R D E R

On December 8, 1976, the Commission issued its Order in Case No. 6602, 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 April 11, 1983, Equitable Gas Company ("Equitable") notified the Commission that its wholesale cost of gas would be increased by its supplier, Kentucky West Virginia Gas Company ("Kentucky West"), effective May 1, 1983, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission. After reviewing the initial filing the Commission decided that an investigation would be necessary in order to determine the reasonableness of the wholesale rates and that such investigation could not be completed prior to the expiration of the required 20-day notice period. On April 29, 1983, the Commission ordered that the purchased gas adjustment filing be suspended for a period of 5 months on and after May 1, 1983.

This is another of those federally mandated pass-throughs of higher gas prices in which upon the record this Commission has no discretion. Equitable will not realize even one cent of profit but simply will turn over to its supplier, Kentucky West, the increased amount it must collect from its customers.

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

(1) Equitable's notice of April 11, 1983, set out certain revisions in rates which Equitable proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its supplier in the amount of \$311,457 or 49.11 cents per Mcf.

(2) Kentucky West has filed an application for increased rates to become effective May 1, 1983, with the Federal Energy Regulatory Commission ("FERC").

(3) The Public Service Commission is being asked to authorize a pass-through of a price increase that has been filed with the FERC. Failure to allow this increase to be passed through to its retail customers on a timely basis would be unfair and unjust to Equitable and would ultimately result in higher rates to its consumers. Under federal law and actions, this Commission serves merely as a conduit for the final pass-through of the increased cost of gas to the consumers and has no real authority in the matter when, as here, the distributing utility makes no profit from the increased prices which it must pay for gas purchased from the transmission company.

(4) Equitable's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 6602 dated December 8, 1976, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after May 1, 1983, subject to refund.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after May 1, 1983, subject to refund.

IT IS FURTHER ORDERED that, for the purpose of the future application of the purchased gas adjustment clause of Equitable, the base rate for purchased gas shall be:

	<u>Commodity</u>
Kentucky West Virginia Gas Company	\$3.7573/dth*
*Including \$0.0072 Gas Research Institute Funding Charge	

IT IS FURTHER ORDERED that within 30 days of the date of this Order Equitable shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 4th day of May, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 6602-U DATED May 4, 1983.

The following rates and charges are prescribed for the customers in the area served by Equitable Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES: Monthly

First	2 Mcf	\$3.6881 per Mcf
Next	18 Mcf	3.5031 per Mcf
Next	30 Mcf	3.4481 per Mcf
Next	50 Mcf	3.3981 per Mcf
All Over	100 Mcf	3.3481 per Mcf