

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 8839-H
KENTUCKY GAS COMPANY)

O R D E R

On December 1, 1983, the Commission issued its Order in Case No. 8839 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 or a refund is received.

On August 8, 1984, Western Kentucky Gas Company ("Western") notified the Commission that it had received refunds from its suppliers, Texas Gas Transmission Corporation ("Texas Gas"), and Tennessee Gas Pipeline Company ("Tennessee Gas"), and that it had overcollections due its customers and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

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

(1) Western has received three refunds from Tennessee Gas totaling \$434,913 that should be returned to its customers.

(2) As the result of a Texas Gas retroactive increase ordered by the Federal Energy Regulatory Commission to be effec-

tive July 1, 1984, Western estimates it will undercollect \$4,034 during the period from July 1, 1984, to September 1, 1984, when revised rates will be implemented.

(3) Western estimates that it will overcollect \$57,558 from its customers during the period from August 1, 1984, to September 1, 1984, due to a retroactive decrease by Texas Gas effective August 1, 1984.

(4) In its notice of August 8, 1984, Western proposed to net the over- and undercollections from its customers resulting in \$53,524 in excess revenues. Allowing this net figure would, in effect, authorize Western to flow through a retroactive rate increase from Texas Gas. Retroactive increases are not allowed because 20-day statutory notice is required before any increase may be placed into effect. Thus, Western should not be allowed to recover \$4,034 in estimated undercollections from its customers. Western should refund \$57,558 in excess revenues to its customers.

(5) A refund factor of \$0.0404 per Mcf should be used as a reduction in the purchased gas adjustment. The refund factor should remain in effect for 4 months or until such time as the full amount plus interest has been returned to Western's customers. The refund should begin with meter readings taken on September 1, 1984, or as soon as practical thereafter.

(6) Western should refund the amount reported herein plus interest at a rate equal to the average of the "3-Month Commercial Paper Rates" for the immediately preceding 12-month period less

1/2 of 1 percent to cover the costs of refunding. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

IT IS THEREFORE ORDERED that Western shall refund \$434,913 from Tennessee Gas plus \$57,558 in overcollections to its customers.

IT IS FURTHER ORDERED that Western shall apply a refund factor in the amount of \$0.0404 per Mcf as a reduction in the approved purchased gas adjustment beginning with meter readings taken on September 1, 1984, or as soon as practical thereafter, and remaining in effect until such time as necessary so that the total amount refunded will, as nearly as possible, reflect the amount received. The refund factor will terminate when the amount refunded equals the refund herein reported plus interest.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Western shall file with this Commission its revised tariffs setting out the refund factor authorized herein. All other rates and charges shall remain in full force and effect.

IT IS FURTHER ORDERED that within 30 days from the date the refund factor is terminated Western shall file with this Commission a summary statement showing a reconciliation of customer billings and the amount refunded.

Done at Frankfort, Kentucky, this 4th day of September, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Hornung
Chairman

Ralph D. Smith
Vice Chairman

Jan Shivers
Commissioner

ATTEST:

Acting Secretary