

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In The Matter of:

THE REQUEST OF B&H GAS COMPANY)	
FOR APPROVAL OF EMERGENCY PURCHASES)	CASE NO.
OF NATURAL GAS FROM KENTUCKY WEST)	8981
VIRGINIA GAS COMPANY)	

O R D E R

On March 2, 1984, the Commission approved a request from B&H Gas Company ("B&H") to make emergency purchases from Kentucky West Virginia Gas Company ("Kentucky West") for a period of 91 days, effective January 1, 1984, and to recover the additional cost of the emergency purchases by applying a 5¢ cent surcharge to customers' bills on a usage basis.

On April 27, 1984, the Commission approved a request from B&H for an extension of the surcharge beyond the approved 91-day period to balance its account with Kentucky West. As of the end of March, the surcharge revenues collected did not cover the purchased gas costs from Kentucky West for January and February, 1984.

On June 28, 1984, the Commission received a request from B&H for another extension of the surcharge to collect \$8,012 that it stated was needed to balance the account with Kentucky West. B&H had failed to reduce the \$8,012 by the \$1.00 per Mcf included in the base rates for the cost of gas. This \$1.00 amount should

have been applied to the approximate 5,150 Mcf purchased from Kentucky West and then deducted from the \$8,012 amount. Therefore, the amount B&H needs to balance its account with Kentucky West is \$2,862. The Commission's July 19, 1984, letter informed B&H of this error.

B&H disagreed in its letter of August 21, 1984, stating two concerns. The first being that Kentucky West bills their customers in dekatherms not Mcfs. The Commission has verified the conversion factor used in its calculation of the 5150 Mcf amount. The second was that B&H understood that they were not allowed to charge the \$1.00 amount mentioned, but rather 78 cents. In Appendix A of Case No. 8735-A, Notice of Purchased Gas Adjustment Filing of B&H Gas Company, the base rate for the cost of gas is stated at \$1.00 effective January 17, 1984.

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

1. B&H is entitled to collect revenues sufficient to cover its purchased gas costs. The request for an extension of the 58 cent surcharge should be approved and should be applied to the billings after May 1984, until \$2,862 has been collected. At this point the billing of the surcharge should cease immediately.

2. B&H should file with the Commission a statement of gas surcharge revenues collected at the end of each month.

IT IS THEREFORE ORDERED that B&H's request for an extension of the surcharge in the amount of 58 cents is hereby approved for the period after May 1984, until \$2,862 has been collected. At that time the billing of the surcharge should cease immediately.

IT IS FURTHER ORDERED that B&H shall file with the Commission a statement of gas surcharge revenues collected at the end of each month.

IT IS FURTHER ORDERED that within 30 days from the date of this Order B&H shall file its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 29th day of August, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Hermann, Jr.
Chairman

Paul H. Spivey, Jr.
Vice Chairman

Sam Shull
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8981 DATED
AUGUST 29, 1984

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

<u>RATES</u>	Monthly	
First	2 Mcf	\$5.4807 (Minimum Bill)
Next	8 Mcf	2.5183 per Mcf
Next	20 Mcf	2.1965 per Mcf
Over	30 Mcf	2.0033 per Mcf

There shall be a surcharge in the amount of 58 cents per Mcf applied to billings after May 1984, until B&H is able to collect \$2,862 at which time the billing of the surcharge should cease immediately.