

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-CC
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 or a refund is received.

On November 8, 1985, Equitable Gas Company ("Equitable") notified the Commission that its wholesale cost of gas would be decreased by its supplier, Kentucky West Virginia Gas Company ("Kentucky West"), effective November 1, 1985, and that it had excess revenues and the remainder of a refund obligation to pass on to its customers. Equitable 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) Equitable's notice of November 8, 1985, set out certain revisions in rates which Equitable proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its supplier in the amount of \$54,782 or

10.25 cents per Dth. Equitable used an incorrect base rate in calculating the amount of its decrease from Kentucky West. It calculated a decrease per Mcf of 10.47 cents instead of the correct decrease of 10.25 cents.

(2) Kentucky West has filed an application for decreased rates to become effective November 1, 1985, with the Federal Energy Regulatory Commission.

(3) Equitable has a refund obligation in the amount of \$15,859 which it has yet to discharge from a refund effective May 1, 1984, along with excess revenues of \$21,775 which were collected in September and October of 1985. A refund factor of 7.04 cents per Mcf should be used as a reduction in the purchased gas adjustment until such time as the full amount plus interest has been refunded to Equitable's customers. The refund should begin with meter readings taken on November 1, 1985, or as soon as practical thereafter.

(4) Equitable should refund the amounts reported in its application plus interest at a rate equal to the average of the "3-Month Commercial Paper Rates" 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.

(5) The rates in the Appendix include the elimination of the 6.33 cent refund credit that has been in effect since August 1, 1984.

(6) Equitable's purchased gas adjustment clause requires that Equitable file with its application such information as this Commission may request for a proper determination of the purchased gas adjustment. The Commission requests that in all future applications Equitable shall file an item showing its proposed monthly customer rates and charges.

(7) 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 November 1, 1985.

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 November 1, 1985.

IT IS FURTHER ORDERED that Equitable shall apply a 7.04 cents per Mcf refund factor as a reduction in the approved purchased gas adjustment beginning with meter readings taken on November 1, 1985, or as soon as practical thereafter, and this refund factor shall remain in effect until such time as necessary so that the total amount will, as nearly as possible, reflect the amount received. The refund factor will terminate when the amount refunded equals the amount herein reported plus interest.

IT IS FURTHER ORDERED that within 30 days from the date the refund factor is terminated Equitable shall file with this Commission a summary statement showing a reconciliation of

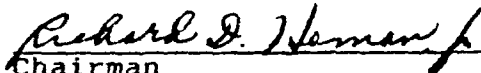
customer billings and the amounts refunded, and that within 30 days from the date of this Order Equitable shall file a reconciliation of customer billings and the amounts refunded for the 6.33 cent refund factor eliminated herein.

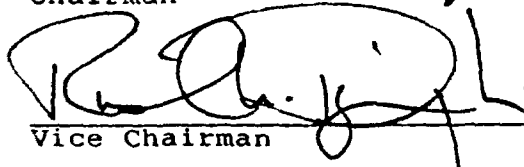
IT IS FURTHER ORDERED that Equitable shall file its proposed customer rates and charges in each future application.

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 and refund factor authorized herein.

Done at Frankfort, Kentucky, this 3rd day of December, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 6602-CC DATED 12/3/85

The following rates and charges are prescribed for the customers 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	\$3.4621 per Mcf
Next	18 Mcf	3.2771 per Mcf
Next	30 Mcf	3.2221 per Mcf
Next	50 Mcf	3.1721 per Mcf
All Over	100 Mcf	3.1221 per Mcf

The above rates include the following refund factor:

\$0.0704 per Mcf to discharge remaining refund obligation from refund effective May 1, 1984, and to return excess revenues to customers in compliance with the Order in Case No. 6602-AA.

The base rate for the future application of the purchased gas adjustment clause of Equitable Gas Company shall be:

	<u>Commodity</u>
Kentucky West Virginia Gas Company	\$2.9496/dth*

*Includes \$0.0125 Gas Research Institute Funding Charge.