

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 OF NATURAL GAS FROM) CASE NO. 8981
KENTUCKY WEST VIRGINIA GAS)
COMPANY)

ORDER

On March 2, 1984, the Commission approved a request from R&H Gas Company ("R&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 58 cent surcharge to customers' bills on a usage basis.

The Commission approved a request from R&H for extensions of the 58 cent surcharge on April 27, 1984, and August 29, 1984, to be applied to billings until the amount that was needed to balance the account with Kentucky West was collected. On November 13, 1984, the Commission ordered R&H to cease charging the 58 cent surcharge immediately and to file a statement of total gas surcharge revenue collected since January 1, 1984. Any amount over \$15,320 was ordered to be refunded to B&H's customers through the next heating season by deducting this amount from any balance purchased from Kentucky West or any other emergency supplier. On February 26, 1985, R&H filed a statement reflecting that \$17,084 had been collected through the surcharge. This is an overcollection of \$1,764.

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

1. B&H has become a regular customer of Kentucky West, thereby eliminating B&H's need for an emergency supplier during the heating season. Therefore, the Commission is of the opinion B&H should make a refund directly to its customers as soon as possible.


2. B&H should file a plan to refund the amount overcollected 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 the refunding. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release. The interest rate for B&H to use in its refund, net of refunding costs, is 9.5 percent.

IT IS THEREFORE ORDERED that within 30 days of the date of this Order, B&H shall file a plan to refund all overcollections to its customers.

Done at Frankfort, Kentucky, this 22nd day of March, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary