

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED )  
GAS ADJUSTMENT FILING OF ) CASE NO. 6741-H  
CAPITOL OIL COMPANY, INC. )

O R D E R

On February 21, 1978, the Commission issued its Order in Case No. 6741 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 January 14, 1986, Capitol Oil Company, Inc., ("Capitol"), formerly Capitol Oil and Gas Company, notified the Commission that its wholesale cost of gas would be decreased by two of its suppliers, Panbowl Production Company, Inc., and Capitol Producing Company, effective on and after January 1, 1986, 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) Capitol's notice of January 14, 1986, set out certain revisions in rates which Capitol proposed to place into effect, said rates being designed to pass on the overall wholesale decrease in gas costs from its suppliers in the amount of \$160,100 or 55 cents per Mcf.

(2) Capitol's application requested an effective date of January 14, 1986. Because its decrease from its suppliers was effective January 1, 1986, however, Capitol's decrease should also be effective January 1, 1986.

(3) Capitol should report to this Commission any excess revenues collected from January 1, 1986, to the date the proposed rates are implemented, along with a plan to refund excess revenues to its customers.

(4) Capitol's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 6741 dated February 21, 1978, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after January 1, 1986.

(5) Capitol should submit copies of each gas purchase contract and all other agreements, options or similar such documents, and all amendments and modifications thereof related to the procurement of gas supply. Any changes in the documents, including price escalations or any new agreements entered into after the initial submission, should be submitted at the time they are entered into. Where gas is purchased from utility-owned or controlled sources, or the contract contains a price escalation clause, those facts should be noted and Capitol should explain and justify them in writing.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after January 1, 1986, and not on January 14, 1986, as requested.

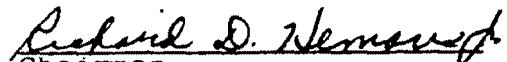
(2) Within 30 days of the date of this Order Capitol shall file with this Commission its revised tariffs setting out the rates authorized herein.


(3) Within 30 days of this Order Capitol shall file with this Commission any excess revenues collected from January 1, 1986, to the date the proposed rates are implemented, along with a refund plan.

(4) Within 20 days of the date of this Order Capitol shall supply the contract information requested herein and comply with all provisions of that request.

Done at Frankfort, Kentucky, this 22nd day of January, 1986.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 6741-H DATED 1/22/86

The following rates and charges are prescribed for the customers served by Capitol Oil and 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	\$4.10 per MCF
Over 2 MCF	4.10 per MCF

The minimum monthly charge is \$5.00 which entitles the customer to less than 2 MCF of gas.

The base rates for the future application of the purchased gas adjustment clause of Capitol Oil and Gas Company shall be:

	<u>Demand</u>	<u>Commodity</u>
Holly Creek Production Corporation	—	\$ 0.45 per MCF
Panbowl Production Company	—	3.4285 per MCF
Capitol Producing	—	2.98 per MCF