

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. 8425-K
MOUNTAIN UTILITIES, INC.)

O R D E R

On July 6, 1982, the Commission issued its Order in Case No. 8425 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 February 26, 1986, Mountain Utilities, Inc., ("Mountain") notified the Commission that its wholesale cost of gas would be decreased by its supplier, Kentucky West Virginia Gas Company ("Kentucky West"), effective February 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 filed in this case and being advised, the Commission is of the opinion and finds that:

(1) Mountain's notice of February 26, 1986, set out certain revisions in rates which Mountain proposed to place into effect, said rates being designed to pass on the wholesale decrease in gas cost from its supplier in the amount of \$17,104 or 29.62 cents per Dth.

(2) Kentucky West filed an application for decreased rates to become effective February 1, 1986, with the Federal Energy Regulatory Commission ("FERC").

(3) Mountain should file with this Commission as to whether excess revenues were collected from February 1, 1986, to the date the proposed rates are implemented, along with a plan to refund any excess revenues to its customers.

(4) Mountain's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8425 dated July 6, 1982, is fair, just and reasonable and in the public interest and should be effective February 1, 1986.

(5) Mountain 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 Mountain 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 February 1, 1985.

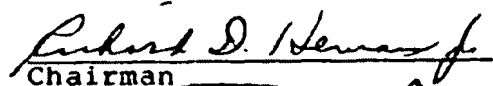
(2) Within 30 days of the date of this Order Mountain shall report to the Commission whether any excess revenues were collected during the period from February 1, 1986, to the date the proposed rates are implemented, along with a plan to refund any excess collections.


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

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

Done at Frankfort, Kentucky, this 14th day of March, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8425-K DATED 3/14/86

The following rates and charges are prescribed for the customers served by Mountain Utilities, Inc. 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 effective date of this Order.

RATES: Monthly

| | | |
|----------|-------|------------------|
| First | 1 Mcf | \$6.4280 per Mcf |
| All Over | 1 Mcf | 5.6530 per Mcf |

Minimum Bill: \$4.70
(When less than 1 Mcf is used)

The base rate for the future application of the purchased gas adjustment clause of Mountain Utilities, Inc., shall be:

| | <u>Commodity</u> |
|------------------------------------|------------------|
| Kentucky West Virginia Gas Company | \$2.7276/Dth* |

*Including Gas Research Institute Funding Charge of \$0.0135 per Dth.