

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. 8929-K
ELAM UTILITY COMPANY)

O R D E R

On May 2, 1984, the Commission issued its Order in Case No. 8929 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 28, 1986, Elam Utility Company ("Elam") notified the Commission that it had received a refund from its supplier, Columbia Gas Transmission Corporation ("Transmission"), 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) Elam received a refund from Transmission in the amount of \$1,807. It also has \$86 remaining from a refund ordered in Case No. 8929-H. The total amount to be refunded to Elam's customers is \$1,893.

(2) The refund factor to be applied to Elam's purchased gas adjustment should be 45 cents per MCF and should remain in effect for 1 month or until the full amount plus interest has been refunded.

(3) The refund factor should begin with meter readings taken on March 1, 1986, or as soon as is practical thereafter.

(4) Elam should refund the amount 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 cost of refunding. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

(5) Elam 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 Elam should explain and justify them in writing.

IT IS THEREFORE ORDERED that:

(1) Elam shall apply a refund factor in the amount of 45 cents per MCF as a reduction in the approved purchased gas

adjustment beginning with meter readings taken on March 1, 1986, or as soon as possible thereafter, remaining in effect until such time as the total amount refunded will, as nearly as possible, reflect the amount herein reported plus interest.

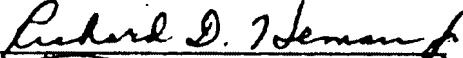


(2) Within 30 days of the date of this Order Elam shall file with this Commission its revised tariffs setting out the refund factor authorized herein. All other rates and charges shall remain in full force and effect.

(3) Within 30 days from the date the refund factor is terminated Elam shall file with this Commission a summary statement showing a reconciliation of customer billings and the amount refunded.

(4) Within 20 days of the date of this Order, Elam 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