

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

O R D E R

On January 30, 1984, B&H Gas Company ("B&H") notified the Commission that it would not have sufficient gas to supply its customers during January, February and March 1985, and requested approval to make emergency purchases from Kentucky West Virginia Gas Company ("Kentucky-West") for a period of 91 days and to recover the additional cost of the emergency purchases by applying a net surcharge to customers' bills of 78 cents per Mcf. On February 13, 1984, B&H revised its requested net surcharge to 63 cents per Mcf.

On March 2, 1984, the Commission approved the request to make emergency purchases from Kentucky-West for a period of 91 days, effective January 1, 1984, and a net surcharge of 58 cents per Mcf.

On November 13, 1984, the Commission ordered B&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. On February 26, 1985, B&H filed a statement reflecting that \$17,084 had been collected through the surcharge. This was an overcollection of \$1,764.

On March 22, 1985, the Commission ordered B&H to file a plan to refund overcollections to its customers.

On April 17, 1985, B&H requested permission to retain the \$1,760 in overcollections to offset its December 1984 gas purchase cost from Kentucky-West. B&H stated that its customers were not charged for gas purchased from Kentucky-West in December 1984. On July 11, 1985, the Commission ordered B&H to comply with the provisions of the Commission's March 22, 1985, Order. In a letter filed on August 20, 1985, B&H requested an extension on the July 11, 1985, Order and a conference on the refund and the proposed purchased gas cost offset.

On October 25, 1985, the Commission granted B&H an extension of time to comply with the March 22, 1985, Order and reopened this case to investigate B&H's current financial situation and to allow B&H to present evidence not previously considered regarding the surcharge and the proposed purchased gas cost offset.

Information filed by B&H on December 18, 1985, and January 31, 1986, shows that during the months of January through October 1984 B&H billed a 78 cent surcharge to approximately 21,902 Mcf, producing \$17,084. B&H's December 1984 gas purchase cost from Kentucky-West did not result in B&H underrecovering its gas cost in 1984. The calculation in Appendix A shows that in 1984 through gas cost included in base rates, the surcharge and a

PGA increase B&H collected approximately \$3,500 more than its purchased gas cost net of refunds. No information has been filed in this case showing that B&H is financially unable to refund the \$1,764 surcharge overcollection.

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

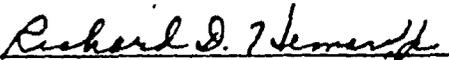
1. B&H should refund \$1,764 in surcharge overcollections to its customers as soon as possible.

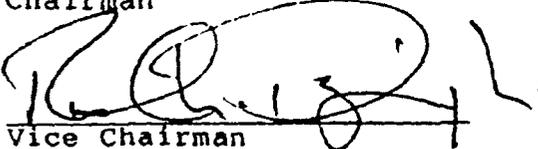
2. All provisions of the Commission's Order issued March 22, 1985, in this case should remain in full force and effect.

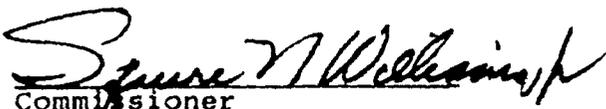
IT IS THEREFORE ORDERED that within 30 days of the date of this Order B&H shall comply with the provisions of the Commission's March 22, 1985, Order in this case by filing a plan to refund all overcollections to its customers.

Done at Frankfort, Kentucky, this 25th day of February, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8981 DATED
FEBRUARY 25, 1986

Gas Cost Recovery, 1984

Included in based rates, \$1.00 per Mcf	\$28,836
January through October Surcharge, \$.78 per Mcf	17,084
Bradley increase billed in December, \$1.00 per Mcf	<u>3,483</u>
	<u>\$49,403</u>

Purchased Gas Cost, 1984

Billed by suppliers	\$53,319
Less: Kentucky-West refunds received	1,842
Refunds due customers from 1983 surcharge	<u>5,651</u>
	<u>\$45,826</u>