

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF)
EAST KENTUCKY UTILITIES,) CASE NO. 9236-P
INC.)

O R D E R

On September 30, 1985, the Commission issued its Order in Case No. 9236 approving certain adjustments 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 May 16, 1986, East Kentucky Utilities, Inc., ("East Kentucky") notified the Commission that its wholesale cost of gas had been decreased by its supplier, Kentucky West Virginia Gas Company ("Kentucky West"), effective May 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) East Kentucky's notice of May 16, 1986, set out certain revisions in rates which East Kentucky proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its supplier in the amount of \$17,642 or 12.236 cents per Mcf.

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

(3) The rates proposed by East Kentucky in its application of May 16, 1986, were based on a tariff sheet that was subsequently corrected by Kentucky West. Kentucky West's corrected 19th Revised Sheet No. 27A was accepted for filing by FERC on April 30, 1986, in Docket No. TA86-4-46-000 et al. The rates in the Appendix to this Order are based on the corrected supplier rates rather than the original supplier rates that East Kentucky used in its filing.

(4) East Kentucky should file with this Commission the amount of excess revenues collected during the period from May 1, 1986, to the date the corrected rates are implemented, along with a plan to refund such overcollections to its customers.

(5) East Kentucky's proposed adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9236 dated September 30, 1985, is not fair, just and reasonable because it is based on an erroneous FERC tariff. The corrected adjustment in rates in the Appendix to this Order is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after May 1, 1986.

IT IS HEREBY ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after May 1, 1986.

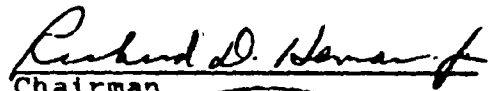
(2) The rates proposed by East Kentucky be and they hereby are denied.

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

(4) Within 30 days of the date of this Order East Kentucky shall file with this Commission the amount of excess revenues collected along with a refund plan.

Done at Frankfort, Kentucky, this 6th day of June, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9236-F DATED 6/6/86

The following rates and charges are prescribed for the customers served by East Kentucky 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	\$8.0808 Per Mcf
Over 1 Mcf	\$5.0438 Per Mcf

Minimum Bill: \$7.50 for less than 1 Mcf.

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

	<u>Commodity</u>
Kentucky West Virginia Gas Company	\$2.8109/Dth*
Southeastern Gas Company	\$3.50/Mcf

*Includes \$0.0135 per Dth - Gas Research Institute Funding Charge