

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ELZIE NEELEY GAS )  
COMPANY, INC., FOR A RATE ADJUSTMENT ) CASE NO. 9521  
PURSUANT TO THE ALTERNATIVE RATE )  
FILING PROCEDURE FOR SMALL UTILITIES )

O R D E R

On July 28, 1986, the Commission issued an Order granting Elzie Neeley Gas Company, Inc., ("Elzie Neeley") an additional \$738 or 1.1 percent in annual revenues. On August 12, 1986, Elzie Neeley filed for reconsideration on the issues of bad debts expense and normalized revenues.

Bad Debts Expense

In its application and its annual report, Elzie Neeley had netted bad debts expense against sales revenues so that no account for bad debts existed. In its petition for reconsideration, Elzie Neeley cited supplemental financial data which showed the bad debts expense for the test year of \$538. The Commission is of the opinion that the amount appears reasonable at .7 percent of annual revenues and should be considered in determining revenue requirements for Elzie Neeley.

Normalized Revenues

After allowing for bad debts expense, the remainder of the claimed revenue shortfall is accounted for by a difference in billing analyses between the application and the petition for reconsideration. The petition calculated revenue from allowed

rates using a billing analysis that was referenced to Elzie Neeley's application. However, the billing analysis in the petition included 100 less Mcf than the billing analysis in the application. The petition did not claim that the application's billing analysis was in error. The Mcf in the application is approximately equal to the Mcf in Elzie Neeley's Annual Report for 1985. Therefore, it is the Commission's opinion that the petition failed to justify the claim of revenue shortfall for this amount.

#### FINDINGS AND ORDERS

The Commission, after examining the evidence of record and being advised, is of the opinion and finds that:

1. Elzie Neeley should be granted additional revenues of \$538 annually above those granted in the Commission's Order of July 28, 1986, for its reasonable bad debts expense.

2. Elzie Neeley has not presented sufficient evidence to warrant further consideration of normalized revenues and rehearing on this issue should be denied.

3. All other aspects of the Commission's Order of July 28, 1986, unless specifically modified herein should be affirmed.

IT IS THEREFORE ORDERED that:

1. The rates and charges approved in the Commission's Order of July 28, 1986, shall be amended to produce additional annual revenues of approximately \$538 as set out in Appendix A and are hereby approved for service rendered by Elzie Neeley on and after the date of this Order.

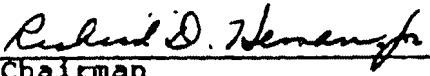
2. Elzie Neeley is denied any further consideration of normalized revenues.

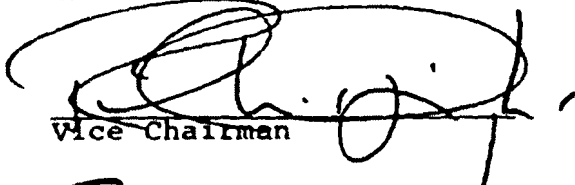
3. All other aspects of the Commission's Order of July 28, 1986, not specifically amended herein, are hereby affirmed.

4. Within 30 days of the date of this Order, Elzie Neeley shall file with the Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 2nd day of September, 1986.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

\_\_\_\_\_  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 9521 DATED SEPTEMBER 2, 1986.

The following rates and charges are prescribed for the customers served by Elzie Neeley Gas Company, 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	\$7.15 Per Mcf
Over 1 Mcf	\$6.18 Per Mcf

Minimum Bill

The minimum bill shall be \$7.15

The base rate for the future application of the purchased gas adjustment clause of Elzie Neeley Gas Company, Inc., shall be:

Commodity

Columbia Gas of Kentucky, Inc.	\$4.404 per Mcf
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