

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

RATE ADJUSTMENT OF WESTERN)
KENTUCKY GAS COMPANY) CASE NO. 9556
ON NOTICE)

ORDER ON REHEARING

On May 9, 1986, Western Kentucky Gas Company ("Western") filed its notice with this Commission seeking authority to increase its gas rates. The Commission issued its Final Order on October 31, 1986. On November 20, 1986, Southwire Company ("Southwire") and Kentucky Industrial Utilities Customers ("KIUC") filed applications for rehearing of the Final Order on the grounds that certain intervenors were not identified as such on page 1 of that Order and that their concerns regarding transportation rates were not considered by the Commission or addressed in the Final Order. On November 21, 1986, Eska Coats, a consumer, represented by Western Kentucky Legal Services ("Eska Coats") filed a motion of clarification regarding a utility's obligations under 807 KAR 5:008, the winter reconnect regulation.

Southwire and KIUC were concerned that the failure of the Order to specifically address the subject of transportation rates signified that the Commission had overlooked it entirely. The transportation rates proposed by Western in its application were derived from rates based on a cost of service study that was rejected by the Commission. The Commission notes that no change

in the existing gross margin method of calculating transportation rates was proposed by Western, and while KIUC and Southwire objected to the gross margin method they had no practicable alternatives to offer. Therefore, the Commission addressed only the issue of the cost of service study and proposed rate design which dealt, as a matter of course, with transportation rates. In Administrative Case No. 297, An Investigation of the Impact of Federal Policy on Natural Gas to Kentucky Consumers and Suppliers, the Commission will address the issues of cost of service studies and transportation rates. All participants, including Southwire and KIUC, will have an opportunity to voice their concerns regarding these subjects at the hearing of January 7, 1987.

SUMMARY

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. The Final Order erroneously neglected to mention the intervenors in this Case. The Final Order should be amended to include the following language: "Motions to intervene in this proceeding were filed by the Consumer Protection Division in the Office of the Attorney General ("AG"), Southwire, KIUC, National Southwire-Aluminum Company ("NSA"), BF Goodrich Company ("BF Goodrich"), Office of Kentucky Legal Services Programs, Inc., ("Legal Services") and Eska Coats." The Commission regrets this omission and assures the intervenors involved that their concerns were taken into consideration.

2. The applications of Southwire and KIUC for rehearing should be denied on the basis of the discussion contained herein and on the basis that no new evidence was presented to modify the Commission's Order of October 31, 1986.

3. Reconnection charges may be required of a person seeking reconnection under 807 KAR 5:008. Said charges will be added to the balance due and only one third of the outstanding bill or \$200 (whichever is less) will be required prior to reconnection. Security deposits will not be required from a person seeking reconnection under this regulation.

IT IS THEREFORE ORDERED that:




1. The Commission's Order dated October 31, 1986, is hereby amended to include the list of intervenors as set out herein.

2. All other aspects of the Commission's Order dated October 31, 1986, are hereby affirmed.

3. The requests of Southwire and KIUC for rehearing be and they hereby are denied.

Done at Frankfort, Kentucky, this 9th day of December, 1986.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director