

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED )  
GAS ADJUSTMENT FILING OF )  
AUXIER ROAD GAS COMPANY, INC. )

CASE NO. 9318-D

O R D E R

On December 20, 1985, the Commission issued its Order in Case No. 9318 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 July 20, 1987, Auxier Road Gas Company, Inc., ("Auxier") notified the Commission that its wholesale cost of gas had been decreased by its supplier, Columbia Gas of Kentucky, Inc., ("Columbia") effective July 1, 1987, 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) Auxier's notice of July 20, 1987, set out certain revisions in rates which Auxier proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its supplier in the amount of \$2,289 or 3.88 cents per Mcf.

(2) Auxier's wholesale cost of gas was decreased by Columbia effective July 1, 1987.

(3) Auxier's proposed rates were calculated by subtracting the amount of the decrease from rates based on those approved in Case No. 8768-P rather than from the rates approved in the Commission's Order of December 20, 1985, in Case No. 9318. The rates proposed should be approved pending the decision of Franklin Circuit Court in Case No. 9318, and should be subject to refund.

(4) Auxier should report to the Commission any excess revenues collected during the period from July 1, 1987, to the date the proposed rates are implemented, along with a plan to refund any excess collections to its customers.

(5) Auxier's proposed adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9318 dated December 20, 1985, is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after July 1, 1987, subject to refund.

(6) On January 28, 1987, the Commission received a copy of a letter from Kentucky West Virginia Gas Company ("Kentucky West") to Columbia advising Columbia that it had contracted to provide natural gas transportation service on behalf of Auxier. On April 3, 1987, a meeting was held between representatives of Auxier and Commission staff to discuss the rate treatment of the contracts between Auxier and Kentucky West and Auxier and the Highland Regional Medical Center. At that meeting, Auxier indicated it would phase in rate reductions through monthly PGA filings. On July 23, 1987, the Commission received a letter from counsel for

Auxier stating Auxier's understanding that PGAS would be filed on an annual basis.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after July 1, 1987, subject to refund.

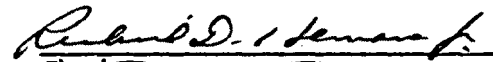
(2) Within 30 days of the date of this Order Auxier shall report to the Commission any excess revenues collected during the period from July 1, 1987, to the date the proposed rates are implemented, along with a plan to refund any excess collections.

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

(4) Within 20 days of the date of this Order Auxier shall file information on the volumes and prices of gas purchased from Kentucky West to date. Auxier shall also file a detailed plan for passing the savings from the Kentucky West contract through to ratepayers.

Done at Frankfort, Kentucky, this 13th day of August, 1987.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 9318-D DATED 8/13/87

The following rates and charges are prescribed for the customers served by Auxier Road 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 1,000 Cu.Ft. \$9.10

All Over 1,000 Cu.Ft. 8.3185 per 1,000 Cu.Ft.

MINIMUM BILL

9.10

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

Commodity

Columbia Gas of Kentucky, Inc. \$4.0215 per Mcf