

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

ORDER

Pursuant to the Commission's Order in this case, Auxier Road Gas Company, Inc. ("Auxier Road"), filed on September 21, 1988 the amount of savings it realized from the purchase of locally produced gas which had not been passed on to its customers through its purchased gas adjustment clause. Auxier Road set out a refund in the amount of \$15,595.07, excluding interest from the date of the overcharges, and proposed a refund factor of 10 cents per Mcf to be applied to bills beginning November 1, 1988 until the refund plus interest is exhausted. At Auxier Road's annual sales volume of approximately 40,000 Mcf, it would take 4 years or more to return the refund plus interest to its customers. A refund factor of 25 cents per Mcf should eliminate the refund plus interest in less than 2 years which is a more reasonable time in which to return the overcharges without burdening the Company.

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

(1) Auxier Road set out a refund of \$15,595.07 which should be returned to its customers through a refund factor of 25 cents per Mcf.

(2) The refund factor should remain in effect until such time as the full amount of the refund plus interest has been returned to Auxier Road's customers.

(3) The refund should begin with the first meter readings taken after the date of this Order.

(4) Auxier Road should refund the amount reported plus interest at a rate equal to the average of the "3-Month Commercial Paper Rates" less 1/2 of 1 percent to cover the costs of refunding. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

(5) Auxier Road should file with the Commission within 10 days of the end of each calendar month a statement showing the customer billings and the amount refunded, including interest.

IT IS THEREFORE ORDERED that:

(1) Auxier Road shall apply a 25 cents per Mcf refund factor as a reduction in the approved rates beginning with the first meter readings taken after the date of this Order or as soon as practical thereafter. The refund factor shall remain in effect until such time as necessary so that the total amount plus interest has been returned to Auxier Road's customers.

(2) Within 10 days of the end of each calendar month Auxier Road shall report to the Commission the customer billings and the amount refunded, including interest.

Done at Frankfort, Kentucky, this 26th day of October, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Henning  
Chairman

Robert M. Davis  
Vice Chairman

James N. Williams  
Commissioner

ATTEST:

Forest M. Stagg  
Executive Director