

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF ELAM UTILITY) CASE NO. 9845-B
COMPANY)

O R D E R

On July 30, 1987, the Commission issued its Order in Case No. 9845 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 October 10, 1988, Elam Utility Company ("Elam") notified the Commission that it had overcollections to return to its customers, and proposed to do so by continuing a 60 cent per Mcf refund that had been in effect from Case No. 9375-E, Purchased Gas Adjustment Filing of Elam Utility Company.

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

(1) Elam's notice of October 10, 1988 seemed to indicate that the overcollections it proposed to return to its customers were a result of a poor match of gas cost recovery in its rates to the actual cost of gas from its supplier and not of a failure to lower rates when it should.

(2) The information filed with Elam's notice showed that it has already returned overcollections to its customers in compliance with the Order in Case No. 9375-E.

(3) To the extent that Elam's recovery problems are caused by a purchased gas adjustment clause that is ill-suited to its current purchasing practices, a refund may be inappropriate and ineffective in solving a long-term problem.

(4) Elam should discontinue the use of the 60 cent per Mcf refund adjustment pending an investigation by Commission Staff of alternatives to Elam's present filing requirements and the actual status of its gas cost recovery.


IT IS THEREFORE ORDERED that:

(1) Elam shall discontinue the use of the 60 cent per Mcf refund adjustment as the related refund obligation is fulfilled.

(2) The Commission Staff shall schedule a meeting with Elam at a time that is mutually convenient to investigate the effectiveness of Elam's present filing requirements, and the possibility of revising Elam's purchased gas adjustment clause.

Done at Frankfort, Kentucky, this 9th day of November, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director