

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ELZIE NEELEY GAS )  
COMPANY, INC. FOR RATE ADJUSTMENT )  
PURSUANT TO THE ALTERNATIVE RATE ) CASE NO. 10246  
FILING PROCEDURE FOR SMALL UTILITIES )

O R D E R

On May 5, 1988, Elzie Neeley Gas Company, Inc. ("Elzie Neeley") filed an application pursuant to 807 KAR 5:076, Alternative Rate Filing Procedure for Small Utilities ("ARF"), requesting authority to increase its rates charged for furnishing gas. The proposed rates would generate \$8,801 annually in additional operating revenues, an increase of 15.8 percent.

On June 21, 1988, Staff issued its Report recommending an increase in annual revenues of \$5,056. On July 19, 1988, Elzie Neeley filed its response to this Report indicating it accepted Staff's recommendations with the exception of those related to rent expense. The response advised that a hearing would not be necessary if Staff revised its recommendations to reflect an additional \$2,400 allowance for rent expense.

On August 5, 1988, Staff, by telephone, offered to modify its Report to the extent that it would include an additional \$1,200 in revenues, resulting in a recommended increase in revenues of \$6,256, or 11.3 percent.

After a review of the record in this matter, the Commission is of the opinion that the Staff Report as modified herein, reflects the reasonable revenue requirements of Elzie Neeley and will provide adequate rates to allow Elzie Neeley to have adequate cash flow to meet its allowed operating expenses, service its debt, and provide for future equity growth. Therefore, the Commission affirms Staff's revised recommended increase in revenues of \$6,256, an increase of 11.3 percent. The Commission is further of the opinion that the additional \$1,200 increase recommended by Staff is reasonable.

#### RATE DESIGN

The rates in Appendix A, attached hereto, have incorporated the rates and charges in the Commission's Order in Case No. 9521-E, Notice of Purchased Gas Adjustment Filing of Elzie Neeley Gas Company, Inc., dated June 30, 1988.

#### SUMMARY

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

1. All aspects of the Staff Report as modified herein, should be affirmed.
2. Elzie Neeley should be granted rates which would produce additional annual operating revenues of \$6,256.
3. The rates and charges in Appendix A are fair, just, and reasonable rates to be charged by Elzie Neeley in that they should produce annual operating revenues of \$62,080.

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

IT IS THEREFORE ORDERED that:

1. All aspects of the Staff Report, as modified herein, are hereby affirmed.

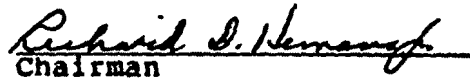
2. Elzie Neeley be and hereby is granted rates to produce additional annual operating revenues of \$6,256 over normalized test-year operating revenues of \$55,824.

3. The rates in Appendix A are the fair, just, and reasonable rates to be charged by Elzie Neeley for service rendered on and after the date of this Order.

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

Done at Frankfort, Kentucky, this 6th day of September, 1988.

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. 10246 DATED 9/6/88

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. The rates below have incorporated the rates and charges in Order Number 9521-A.

RATES: Monthly

First 1 Mcf	\$7.00 Per Mcf
Over 1 Mcf	\$5.98 Per Mcf

Minimum Bill

The minimum bill shall be \$7.00

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

	<u>Commodity</u>
Columbia Gas of Kentucky, Inc.	\$3.5841 per Mcf