

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

INTERIM ORDER

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 18, 1989, Elam Utility Company ("Elam") notified the Commission of proposed rates to be effective December 1, 1989, based on increases in its wholesale cost of gas and submitted with its notice certain information in compliance with the Commission's Order in Case No. 9845-C.¹

In its notice, Elam computed a base rate, or average wholesale gas cost, to be used in adjusting its rates and a recovery factor pursuant to the Commission's Order in Case No. 9845-C.² Elam followed the methodology as set out by letter dated March 9, 1989, in computing its adjustment.

¹ Case No. 9845-C, Purchased Gas Adjustment Filing of Elam Utility Company, Order dated April 27, 1989.

² Id.

The Commission is of the opinion that the methodology may be in error and that additional review and consideration is required to establish an accurate methodology to be used by Elam in its purchased gas adjustment. Further, it may be necessary for Elam to revise its purchased gas adjustment clause.

Pending further review, Elam should be allowed to place its proposed rates into effect, subject to refund, pending a final determination in this case.

IT IS THEREFORE ORDERED that:


(1) The rates in the Appendix, attached hereto and incorporated herein, are approved effective with gas supplied on and after December 1, 1989, subject to refund.

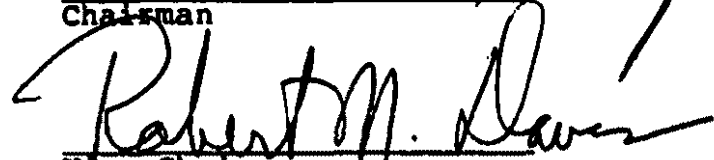
(2) Within 30 days of the date of this Order, Elam shall file with this Commission its revised tariffs setting out the rates authorized herein.

(3) Elam shall meet with Commission Staff at a mutually agreeable time to discuss the purchased gas adjustment clause and to investigate the effectiveness of its filing methodology.

Done at Frankfort, Kentucky, this 4th day of December, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9845-D DATED December 4, 1989

The following rates and charges are prescribed for the customers served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

RESIDENTIAL & COMMERCIAL

Customer Charge	\$ 4.10
First 11 Mcf	6.7047 per Mcf
Over 11 Mcf	7.7047 per Mcf

INDUSTRIAL

Customer Charge	\$ 5.15
All Mcf	6.7047 per Mcf

The base rates for the future application of the purchased gas adjustment clause of Elam Utility Company shall be:

Average Commodity Cost	\$3.2787 per Mcf
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