

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF EQUITABLE)	CASE NO. 89-286-B
GAS COMPANY)	

O R D E R

On June 27, 1990, the Commission issued its Order in Case No. 89-286 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the gas cost adjustment ("GCA") clause set forth therein.

On October 8, 1990, Equitable Gas Company, a division of Equitable Resources, Inc. ("Equitable"), filed its quarterly GCA, which is to become effective November 1, 1990 and is to remain in effect until January 31, 1991.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Equitable's notice of October 8, 1990 set out certain revisions in rates which Equitable proposed to place into effect, said rates being designed to pass on to its customers the expected wholesale increase in gas costs from its supplier in the amount of \$1.3404 cents per Mcf. Equitable's proposed expected gas cost ("EGC") component is \$4.7778 per Mcf, which includes a surcharge of \$0.6227 per Dth relating to the proposed settlement of Kentucky West Virginia Gas Company Docket No. TQ 89-1-46-000, et al. The

Federal Energy Regulatory Commission has not ruled on the settlement; hence, the surcharge should not be included in Equitable's EGC at this time.

2. Equitable's notice set out a current quarter actual adjustment in the amount of 1.63 cents per Mcf to compensate for under-recovery of gas cost during the months of May, June, and July 1990. The under-recovery occurred during a period in which Equitable was providing service under its previous purchased gas adjustment clause. Allowing such an adjustment would constitute retroactive rate-making and would violate the filed rate doctrine.

3. Equitable requested a waiver of the 30-day filing requirement. Pursuant to KRS 278.180, upon Equitable's showing of good cause, the request should be granted. The effective date for the increase should be on and after the date of this Order.

4. Equitable's corrected adjustment in rates pursuant to the GCA provisions approved by the Commission in its Order in Case No. 89-286, dated June 27, 1990, is fair, just, and reasonable, in the public interest, and should be effective with final meter readings on and after the date of this Order.

IT IS THEREFORE ORDERED that:

1. Equitable's proposed rates should be and hereby are denied.

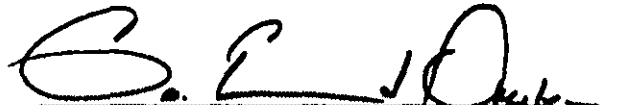
2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are approved effective with final meter readings on and after the date of this Order.

3. The gas cost recovery rate shall be \$3.9831 per Mcf effective with final meter readings on and after the date of this Order.

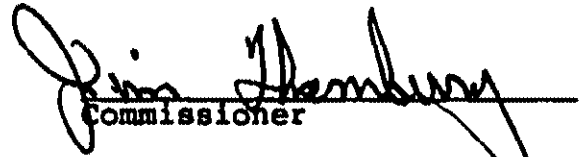
4. Within 30 days of the date of this Order, Equitable shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 1st day of November, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-286-B DATED 11/01/90

The following rates and charges are prescribed for the customers served by Equitable Gas Company. 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 date of this Order.

RATES: Monthly

First	2 Mcf	\$4.6647 per Mcf
Next	18 Mcf	4.4647 per Mcf
Next	30 Mcf	4.3747 per Mcf
Next	50 Mcf	4.2947 per Mcf
All Over	100 Mcf	4.2247 per Mcf

The minimum bill shall be \$4.00.

The following adjustments will be made to the above rates:

A surcharge of \$0.2278 per Mcf to reconcile undercollections occurring from 4/1/83 to 6/30/87 will be added to the above rates to be effective for 60 months beginning with the date of the Commission Order in Case No. 6602-GG or until the undercollection is recovered.

A refund of \$0.0897 per Mcf shall be applied to the retail service rates until such time as all refund obligations are discharged pursuant to PSC Order Nos. 6602-NN and 6602-TT.

The base rate for the future application of the purchased gas adjustment clause of Equitable Gas Company shall be:

Commodity

Kentucky West Virginia Gas Company \$3.1041/Dth*

*Includes \$0.0126 Gas Research Institute Funding Charge and an Annual Charge Adjustment of \$0.0017.