

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF EQUITABLE)
GAS COMPANY) CASE NO. 92-326-A

O R D E R

On April 12, 1993, the Commission issued its Order in Case No. 92-326 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 March 29, 1993, Equitable Gas Company, a division of Equitable Resources, Inc. ("Equitable"), filed its quarterly GCA, which was to become effective May 1, 1993 and remain in effect until July 31, 1993. On April 23, 1993, the Commission suspended Equitable's proposed rates for 5 months in order to explore the reasonableness of the rates. The Commission issued data requests and received responses from Equitable concerning its purchases from Kentucky West Virginia Gas Company ("Kentucky West").

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

1. Equitable's notice of March 29, 1993 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 Kentucky West in the amount of

33.24 cents per Mcf. Equitable's expected gas cost ("EGC") for the quarter beginning May 1, 1993 was \$4.5075 per Mcf, which included a surcharge component of 80.54 cents per Mcf relating to the settlement of Kentucky West Docket No. TQ 89-1-46-000, et al. before the Federal Energy Regulatory Commission ("FERC").

Equitable's continued pricing of gas supply at Kentucky West's GSS-1 rate has been the subject of the Commission's investigation in this case. The Commission has been concerned about the status of Equitable's alternative gas supply arrangements during a time when Kentucky West's other jurisdictional wholesale customers appear to be entering into producer contracts. When Kentucky West no longer performs a merchant function pursuant to FERC's Order 636, all wholesale gas customers will have to arrange for their own supplies of gas. Equitable has represented to the Commission that, as long as Kentucky West has a GSS rate available, that is the most appropriate rate to use in calculating its EGC because of its status as a supplier of farm-tap service. The Commission accepts for now the reasonableness of Equitable's use of Kentucky West's GSS rate for its EGC, but will continue to monitor this rate in comparison to producer contract rates in the area. Equitable's proposed EGC should be approved.

2. Equitable's notice set out a current quarter actual adjustment in the amount of (.30) cents per Mcf to compensate for over-recovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of November and December 1992 and January 1993. Equitable's total actual

adjustment is (24.42) cents per Mcf, which is composed of the current over-recovery plus remaining over- and under-recoveries from previous quarters.

3. Equitable's notice set out a current quarter balancing adjustment in the amount of .13 cents per Mcf to reconcile variances from previous actual, refund, and balance adjustments. Equitable's total balancing adjustment is 1.65 cents per Mcf.

4. The combined effect of the above adjustments is Equitable's gas cost recovery ("GCR") rate in the amount of \$4.2798 per Mcf, an increase of 58.99 cents per Mcf from its last approved GCR rate. The increase represents the combined effect of the supplier increase, actual, and balancing adjustments.

5. Equitable's notice of March 29, 1993 proposed to apply its GCR rate to base rates approved in Case No. 89-286. New base rates were approved for Equitable by Order issued April 12, 1993 in Case No. 92-326 to be effective on and after March 16, 1993. The rates in the Appendix reflect those most recent base rates.

6. Equitable's adjustment in rates pursuant to the GCA provisions approved by the Commission in its Order in Case No. 92-326 dated April 12, 1993 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. Any under-recoveries resulting from the delay in approving these rates should be collected through the actual adjustment.

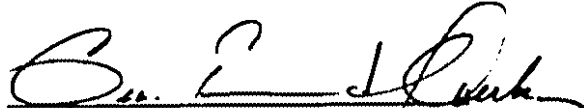
IT IS THEREFORE ORDERED that:

1. 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.


2. 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 26th day of July, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-326-A DATED July 26, 1993

The following rates and charges are prescribed for the customers in the area 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

Customer Charge				\$4.45
			Gas Cost Recovery	
		<u>Base Rate</u>	<u>Rate</u>	<u>Total Rate</u>
First	2 Mcf	\$1.0399	\$4.2798	\$5.3197 per Mcf
Next	18 Mcf	.8178	4.2798	5.0976 per Mcf
Next	30 Mcf	.7179	4.2798	4.9977 per Mcf
Next	50 Mcf	.6290	4.2798	4.9088 per Mcf
All Over	100 Mcf	.5513	4.2798	4.8311 per Mcf

The minimum bill shall be \$4.45.

The above rates include recovery of a Kentucky West Virginia Gas Company surcharge of 61.4 cents per Dth pursuant to the settlement of Docket No. TQ 89-1-46, et. al. before the Federal Energy Regulatory Commission.

The following adjustments will be made to the above rates:

A surcharge of \$0.2278 per Mcf to reconcile under-collections 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.

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

	<u>Commodity</u>
Kentucky West Virginia Gas Company	\$2.8482/Dth*

*Includes \$0.0146 Gas Research Institute Funding Charge and an Annual Charge Adjustment of \$0.0021.