

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF PUBLIC)	CASE NO. 9565-G
GAS COMPANY)	

ORDER

On October 10, 1987, in Case No. 9565, the Commission approved rates for Public Gas Company ("Public") and provided for their further adjustment in accordance with Public's gas cost adjustment ("GCA") clause.

On October 1, 2001, Public filed its GCA to be effective November 1, 2001.

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

1. Public's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs. Public's proposed expected gas cost ("EGC") is \$5.2767 per Mcf. Public incorrectly stated its EGC by calculating its unit cost for volumes purchased rather than its unit cost for volumes sold. Correcting for this error produces an EGC of \$5.3797 per Mcf, which is an increase of 3.34 cents per Mcf from the previous EGC of \$5.3463.

2. Public's notice sets out no current quarter refund adjustment.

3. Public's notice sets out a current quarter actual adjustment ("AA") of (.63) cent per Mcf to return over-recovered gas costs from May, June and July 2001. Public's proposed total AA is 16.59 cents per Mcf. Public carried forward an incorrect prior

quarter AA in calculating its total AA. Correcting for this error produces a total AA of 16.24 cents per Mcf, which is .63 cents per Mcf less than the previous total AA.

4. Public's GCA is \$5.5421 per Mcf, which is 2.71 cents per Mcf more than the previous GCA of \$5.5150.

5. The rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for gas supplied by Public on and after November 1, 2001.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Public are denied.
2. The rates in the Appendix to this Order, attached hereto and incorporated herein, are approved for gas supplied on and after November 1, 2001.
3. Within 20 days of the date of this Order, Public shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 26th day of October, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9565-G DATED OCTOBER 26, 2001

The following rates and charges are prescribed for the customers served by Public 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 effective date of this Order.

Rates:

	<u>Base Rate</u>	<u>Gas Cost</u>	<u>Rate per Mcf</u>
Minimum Bill - First Mcf	\$3.2705	\$5.5421	\$8.8126
Over 1 Mcf	\$2.1505	\$5.5421	\$7.6926