

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF HERBERT)
WHITE GAS COMPANY, INC. TO) CASE NO.
OPERATE A FARM TAP SYSTEM) 2003-00264

O R D E R

On July 7, 2003, Herbert White Gas Company, Inc. (Herbert White) filed a proposed tariff containing rates, rules and regulations to operate a natural gas service pursuant to KRS 278.485 to serve customers along its pipeline in Whitley and McCreary counties, Kentucky.

The proposed tariff included a \$10.00 per Mcf Commodity Rate; a \$10.00 Monthly Minimum Charge; a Reconnection Fee of \$25.00; a Tap Fee of \$150.00; and a Cash Deposit of \$200. The proposed tariff also contains Rules and Regulations governing the farm tap system. The proposed tariff did not include the necessary cost justification for the proposed rates and charges.

On August 7, 2003, Commission Staff issued a data request to Herbert White which, among other things, asked for the cost justification for the proposed commodity rate, the minimum monthly charge, and the cash deposit. On August 21, 2003, Herbert White filed the information as requested.

Herbert White s proposed \$200.00 cash deposit does not comply with 807 KAR 5:006, Section 7, which limits deposits to no more than two-twelfths of the customer's actual or estimated annual bill where bills are rendered monthly. Additionally, Herbert

White's proposed deposit lists \$40 in personnel costs, which should not be included. Herbert White should therefore calculate its cash deposit based on two-twelfths of an average annual bill. After Herbert White has established its billings for a year, it should revise its deposit yearly, based on its customers' billing history. Staff's review of Herbert White's estimation of its customer bills and administrative costs shows that two-twelfths of an average customer's bill is approximately \$160.00. Therefore, until it has established a year of billing history and a new deposit approved by the Commission, Herbert White's deposit should be \$160.00.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the rates, charges and terms in the Appendix to this Order are fair, just and reasonable, in the public interest, and should be approved for Herbert White effective with the date of this Order.

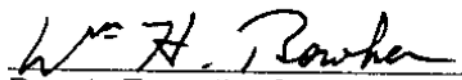
IT IS THEREFORE ORDERED that:

1. Herbert White's proposed Commodity Rate, Minimum Charge, Reconnect Fee, Tap Fee and Rules and Regulations are approved.
2. Herbert White's proposed cash deposit in the amount of \$200.00 is denied. A deposit in the amount of \$160.00 is approved.
3. The rates and charges in the Appendix to this Order are approved for Herbert White effective with the date of this Order.
4. Within 30 days of the date of this Order, Herbert White shall file with this Commission its revised tariff showing the effective date, the date of issue, and that it is issued pursuant to this Order.

Done at Frankfort, Kentucky, this 12th day of September, 2003.

By the Commission

ATTEST:


Deputy Executive Director

Case No. 2003-00264

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00264 DATED September 12, 2003

The following rates and charges are prescribed for the customers served by

Herbert White:

Tap Fee	\$150.00
Commodity Rate per Mcf	\$10.00
Minimum Monthly Charge	\$10.00
Reconnect Charge	\$25.00
Deposit	\$160.00