

FOR All Service Areas

P.S.C. Ky. No. 1

Original Sheet No. 13

Cancelling P.S.C. Ky. No.

Sheet No.

Salversville Gas Company

RULES AND REGULATIONS

PURCHASED GAS ADJUSTMENT CLAUSE

The rates authorized herein are based upon the average wholesale cost of gas per thousand cubic feet (MCF) to the Applicant as computed upon rates of its wholesale suppliers currently in effect under Federal Energy Regulatory Commission tariffs for interstate business or under wholesale tariffs. The average wholesale cost of gas is calculated by multiplying these supplier's rates times the respective volumes purchased from the various suppliers whose wholesale rates are referenced herein divided by the total MCF purchased during the test period. For the purpose of this Purchased Gas Adjustment Clause, these rates shall be considered in calculating the New Supplier Rate for future purchased gas adjustments. In the event there is a change in the average wholesale cost of gas or a supplier refund, the Applicant shall file with this Commission the following information as applicable:

- 1. A copy of the Federal Energy Regulatory Commission tariff or wholesale tariff effecting the change in the wholesale cost of gas and a statement relative to the effective date of such proposed change.
2. A statement setting out the details of gas purchased under the provision of the Base Supplier Rate for the previous twelve months showing billing under the Base Supplier Rate and under the proposed revised rate applicable to this service.
3. A statement setting out the details of gas sold for the previous twelve months.
4. A balance sheet as of the end of the latest twelve-month period and a statement of operating expenses and revenues.
5. Such other information as this Commission may request for a proper determination of the purchased gas adjustment.

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Upon receipt of this information, this Commission will review the effect of the revised rate on the operation of the Applicant and will issue its Order setting out the purchased gas adjustment that the Utility shall apply to its rates.

PURSUANT TO 807 KAR 5.011, SECTION 9 (1)

BY: [Signature]

DATE OF ISSUE 1 3 1983 DATE EFFECTIVE 11 5 1982 Month Day Year Month Day Year

ISSUED BY Grady Conley President Salversville, Ky. Name of Officer Title Address

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FOR All Service Areas

P.S.C. Ky. No. 1

Original Sheet No. 14

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Sheet No. \_\_\_\_\_

Salyersville Gas Company

RULES AND REGULATIONS

On and after the effective date of this rate schedule, if any increase or decrease is made in the Company's average wholesale cost per MCF due to changes in the volumes purchased from various suppliers or changes in the rates at which the Company's gas suppliers sell gas to the Company, the unit charges of the afore-said rate schedule shall be increased or decreased by a Purchased Gas Adjustment determined as follows:

1. Gas purchases (volume) will be determined by the Company for a period of twelve calendar months ending within three months preceding the month of the effective date of the change in the average wholesale cost per MCF. The average cost of such purchases shall be calculated at the New Supplier Rate.
2. The Base Supplier Rate shall be equivalent to the average cost of gas per MCF as set forth in the Order in the last preceding General Rate Case. The New Supplier Rate shall be the quotient determined by dividing the said 12 months volumes into the said 12 months volumes per supplier times the current supplier rates respectively.
3. The difference per MCF determined by deducting the Base Supplier Rate from the New Supplier Rate shall be added to the retail rate per MCF set forth in the Order in the last preceding General Rate Case to determine the revised rate per MCF to be applied to sales on and after the requested effective date.

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OF KENTUCKY  
EFFECTIVE**

**NOV 05 1982**

**PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)**

BY: *Camp Lee*

DATE OF ISSUE: 1 3 1983      DATE EFFECTIVE: 11 5 1982  
Month Day Year      Month Day Year

ISSUED BY: *Grady Conley* President      Salyersville, Ky.      *c 3/95*  
Name of Officer      Title      Address

FOR All Service Areas

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Sheet No. \_\_\_\_\_

Salyersville Gas Company

RULES AND REGULATIONS

In the event the Company receives from any supplier a refund of amounts paid to that supplier in respect of a prior period, the Company shall firstly apply the refund amount as an offset to any amounts due the Company as represented by a debit balance in the account, Purchased Gas Refunds Payable to Customers. After eliminating the debit balance in the account, the Company shall apply to the Commission for authority to refund the remaining balance and upon receipt thereof make adjustment on the amounts charged to its customers under the provision as follows:

1. The "Refundable Amount" shall be the amount received by the Company as a refund less the amount applied to the account, Purchased Gas Refunds Payable to Customers, to offset amounts due the Company. Such Refundable Amount shall be divided by the MCF of gas that the Company estimates it will sell to its customers during the four-month period commencing with the first day of the month following receipt of the refund, thus determining a "Refund Factor".
2. Effective with meter readings taken on and after the first day of the second month following receipt of the refund, the Company will reduce by the Refund Factor so determined the tariff rates that would otherwise be applicable during the period. Provided, however, that the period of reduced Purchased Gas Adjustment will be adjusted, if necessary, in order to refund as nearly as possible the Refundable Amount.
3. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

<u>Supplier</u>	<u>Rates per MCF</u>
Cobra Oil and Gas, Inc.	\$ 3.10

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**NOV 05 1982**

**PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)**

BY: *Camp Lee*

DATE OF ISSUE	<u>1</u>	<u>3</u>	<u>1983</u>	DATE EFFECTIVE	<u>11</u>	<u>5</u>	<u>1982</u>
	Month	Day	Year		Month	Day	Year
ISSUED BY	<u><i>Grady Conley</i></u>			Title	<u>President</u>		
	Name of Officer				Address		
					<u>Salyersville, Ky.</u>		

*C 3/95*