

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 8839-W
KENTUCKY GAS COMPANY)

ORDER

On December 1, 1983, the Commission issued its Order in Case No. 8839 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On January 9, 1986, Western Kentucky Gas Company ("Western") notified the Commission that its wholesale cost of gas had been decreased by its suppliers, Tennessee Gas Pipeline Company ("Tennessee Gas"), Texas Gas Transmission Corporation ("Texas Gas") and local producers, effective February 1, 1986, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Western's notice of January 9, 1986, set out certain revisions in rates which Western proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its suppliers in the amount of \$4,366,224 or 12.04 cents per Mcf.

(2) Tennessee Gas filed increased rates with the Federal Energy Regulatory Commission ("FERC") to be effective September 1, 1985. Because of the retroactive nature of this increase, Western requested an effective date of February 1, 1986. The effect of the combined adjustments results in a wholesale decrease.

(3) Texas Gas filed decreased rates with the FERC to be effective February 1, 1986.

(4) Western's adjustments in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8839, dated December 1, 1983, are fair, just and reasonable and in the public interest and should be effective with gas supplied on and after February 1, 1986.

(5) Western should submit copies of each gas purchase contract and all other agreements, options or similar such documents, and all amendments and modifications thereof related to the procurement of gas supply. Any changes in the documents, including price escalations or any new agreements entered into after the initial submission, should be submitted at the time they are entered into. Where gas is purchased from utility-owned or controlled sources or the contract contains a price escalation clause, those facts should be noted and Western should explain and justify them in writing.

IT IS THEREFORE ORDERED that:

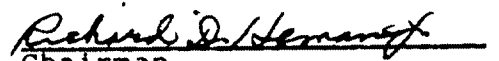
(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after February 1, 1986.

(2) Within 30 days of the date of this Order Western shall file with this Commission its revised tariffs setting out the rates authorized herein.

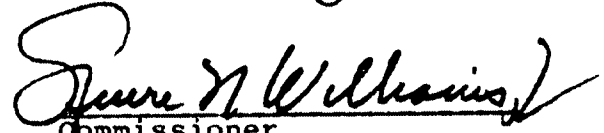
(3) Within 20 days of the date of this Order Western shall supply the supplier contract information requested herein and shall comply with all provisions of that request.

Done at Frankfort, Kentucky, this 20th day of January, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8839-W DATED 1/20/86

The following rates and charges are prescribed for the customers in the area served by Western Kentucky 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:

Applicable to: All Gas Rates Schedules

Purchased Gas Adjustment

To each bill rendered under the above named rate schedules there shall be added an amount equal to: (\$.5382) per Mcf of gas used during the billing period.

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

Texas Gas Transmission Corp.	<u>Demand</u>	<u>Commodity</u>	<u>Gas Rate</u>
G-2	\$6.62	\$2.5935	-0-
G-3	7.08	2.6391	-0-
G-4	7.42	2.6692	-0-
Tennessee Gas Pipeline Co.			
GS-2	-0-	.7794/Mcf	2.5382/Mcf
Local Producers	-0-	-0-	2.6391/Mcf