

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 9556-I
KENTUCKY GAS COMPANY)

O R D E R

On October 31, 1986, the Commission issued its Order in Case No. 9556 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 January 3, 1989, Western Kentucky Gas Company ("Western") filed its quarterly GCA which is to become effective February 1, 1989 and is to remain in effect until April 30, 1989.

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 3, 1989 set out certain revisions in rates which Western proposed to place into effect, said rates being designed to pass on the overall wholesale increase in gas costs from its suppliers in the amount of 1.97 cents per Mcf.

(2) Western's notice set out a total refund adjustment of .13 cents per Mcf, which is to return the remaining refunds from previous quarters.

(3) Western's notice set out an actual adjustment of 4.01 cents per Mcf to recover previous undercollections from its customers.

(4) Western's notice set out a balance adjustment in the amount of (.23) cents per Mcf to reconcile previous actual adjustments.

(5) Western proposed a GCA, or an increase from its Base Cost of Gas Component, of 1.27 cents per Mcf. This increase represents the combined effect of the supplier increase, the refund, actual and balancing adjustments.

(6) Western included in its filing a proposal to allocate the lost revenue from its special contract transportation customers between the shareholders and the ratepayers. The Commission has determined that Western's proposal is acceptable.

(7) Western's adjustments in rates under the provisions approved by the Commission in its Order in Case No. 9556 dated October 31, 1986, are fair, just, and reasonable and in the public interest and should be effective with final meter readings on and after February 1, 1989.

(8) Western's filing of January 3, 1989 included some supplementary information concerning its actual adjustment for which it requested confidentiality. The Commission is still in the process of reviewing this request.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order, attached and incorporated hereto, are fair, just, and reasonable and are approved effective with final meter readings on and after February 1, 1989.

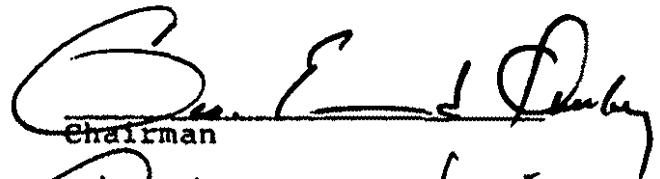
(2) The GCA shall be 1.27 cents per Mcf effective with final meter readings on and after February 1, 1989.


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

(4) Western's information shall be accorded confidential treatment until the Commission has finished its investigation and reached a decision.

Done at Frankfort, Kentucky, this 30th day of January, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

