

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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 April 2, 1990, Western Kentucky Gas Company ("Western") filed its quarterly GCA which is to become effective May 1, 1990 and is to remain in effect until July 31, 1990.

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

1. Western's notice of April 2, 1990 set out certain revisions in rates which Western proposed to place into effect, said rates being designed to pass on to its customers a wholesale decrease in gas costs from its suppliers. Western incorrectly based part of its expected gas cost on Tennessee Gas Pipeline Company's GS-3 gas rate instead of its GS-2 rate under which Western is served. The amount of the decrease should be 28.27 cents per Mcf, including take-or-pay billings. Western's expected gas cost for the quarter beginning May 1, 1990 is \$3.0637 per Mcf

as opposed to \$3.0664 per Mcf as Western proposed. This is a 3.82 cent per Mcf increase over Western's base cost of gas.

2. Western's notice set out no refund adjustment, due to the lack of material current quarter refunds and the completion of refunds from previous quarters. The change from last quarter's total refund adjustment results in an increase of .12 cents per Mcf.

3. Western's notice set out a current quarter actual adjustment in the amount of (1.20) cents per Mcf to compensate for over-recovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of November and December of 1989 and January of 1990. The total actual adjustment of (4.41) cents per Mcf, which is designed to correct the current over-recovery as well as under- and over-collections from three previous quarters, results in a 4.21 cent per Mcf increase in Western's retail rates.

4. Western's notice set out a balance adjustment in the amount of .58 cents per Mcf, which replaces the previous adjustment of .84 cents per Mcf. This balance adjustment compensates for under-collections which occurred as a result of previous actual and balance adjustments. The effect on retail rates is a .26 cent per Mcf decrease.

5. Western proposed a GCA of .26 cents per Mcf. Correcting the expected gas cost yields a GCA of (.01) cents per Mcf. This adjustment represents the combined effect of the supplier decrease, and the refund, actual, and balancing adjustments. The effect on retail rates is a 24.47 cent per Mcf decrease.

6. Western requested a waiver of its 30-day filing requirement. Pursuant to KRS 278.180, upon Western's showing of good cause, the request should be granted. The effective date of the decrease should be on and after the date of this Order.

7. Western's corrected 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, in the public interest, and should be effective with final meter readings on and after the date of this Order.

8. Western's filing of April 2, 1990 included supplementary information concerning its actual adjustment for which it requested confidentiality. Confidentiality should be granted pending Commission review of all other gas supply confidentiality requests.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with final meter readings on and after the date of this Order.

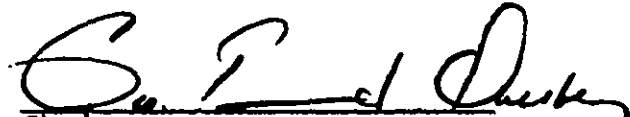
2. The GCA shall be (.01) cents per Mcf effective with final meter readings on and after the date of this Order.

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.

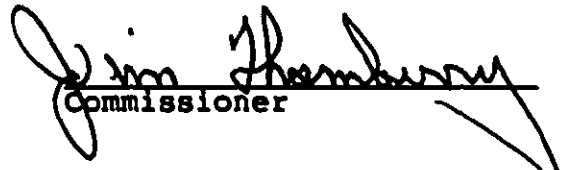
4. Western's supplemental information shall be accorded confidential treatment pending Commission review of all gas supply confidentiality requests.

Done at Frankfort, Kentucky, this 2nd day of May, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9556-N DATED 5/02/90

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

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: (\$.0001) per Mcf of gas used during the billing period.

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

Texas Gas Transmission Corp.

	<u>Demand-1</u>	<u>Demand-2</u>	<u>Commodity</u>	<u>Gas Rate</u>
G-2	\$4.02	\$.1244	\$2.6402	-0-
G-3	4.07	.1392	2.6712	-0-
G-4	4.30	.1476	2.6794	-0-
		<u>Zone 2</u>	<u>Zone 3</u>	<u>Zone 4</u>
Other Purchases		1.8879	1.9057	1.9068

Tennessee Gas Pipeline Co.

			<u>Commodity</u>	<u>Gas Rate</u>
GS-2	-0-	-0-	.5670/Dth	2.9974
Other Purchases			1.85	
Local Producers		-0-	-0-	2.4695/Dth