

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 90-013-A
KENTUCKY GAS COMPANY)

O R D E R

On September 13, 1990, the Commission issued its Order in Case No. 90-013 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 October 1, 1990, Western Kentucky Gas Company ("Western") filed its quarterly GCA which is to become effective November 1, 1990 and is to remain in effect until January 31, 1991.

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

1. Western's notice of October 1, 1990 set out certain revisions in rates which Western proposed to place into effect, said rates being designed to pass on to its firm customers the wholesale increase in gas costs from its suppliers in the amount of 39.58 cents per Mcf, including take-or-pay billings. Western's expected gas cost for firm customers for the quarter beginning November 1, 1990 is \$3.3721 per Mcf which is a 6.23 cent per Mcf decrease from Western's base cost of firm gas.

Western also proposes to pass on to its interruptible customers the wholesale increase in gas costs in the amount of 39.64 cents per Mcf, including take-or-pay billings. Western's expected gas cost for interruptible customers for the quarter beginning November 1, 1990 is \$3.1149 per Mcf which is a 6.22 cent per Mcf decrease from Western's base cost of interruptible gas.

2. Western's notice set out a refund adjustment for sales customers in the amount of 21.51 cents per Mcf. The refundable amount is comprised of supplier refunds from Texas Gas Transmission Corporation ("Texas Gas") and Tennessee Gas Pipeline Company and carry-overs from previous refunds.

Western is proposing to return Texas Gas' \$6,466,562 refund related to system services to sales and transportation volumes as it was collected. Western also proposes to credit to specific end users the Texas Gas refund amounts received on their behalf.

Western's proposed refund adjustment to sales customers of 21.51 cents per Mcf includes interest calculated on the total outstanding balance in the refund account. This account includes refunds for both sales and transportation customers, but the total amount of interest is allocated to sales customers only. The refund components of 21.51 cents per Mcf and 8.61 cents per Mcf for transportation customers should be approved for the quarter beginning November 1, 1990. In Western's next filing, however, it should adjust its refund factors to allocate the appropriate share of interest to transportation customers.

3. Western's notice set out a current quarter actual adjustment in the amount of 3.76 cents per Mcf to compensate for under-recovery of gas cost by the Company through the operation of its gas cost recovery procedure during the months of May, June and July 1990. The total actual adjustment is (4.61) cents per Mcf, and is designed to correct the current under-recovery as well as under- and over-collections from three previous quarters.

4. Western's notice set out a balance adjustment in the amount of (.01) cents per Mcf, which replaces the previous adjustment of (8.95) cents per Mcf. This balance adjustment compensates for over-collections which occurred as a result of previous actual and balance adjustments.

5. Western proposed a GCA of (32.36) cents per Mcf for firm customers and (32.35) for interruptible customers, which represent the combined effect of the supplier increase, and the refund, actual, and balancing adjustments.

6. Western's adjustment in rates under the provisions approved by the Commission in its Order in Case No. 90-013 dated September 13, 1990, is fair, just, and reasonable, in the public interest, and should be effective with final meter readings on and after November 1, 1990.

7. Western's filing of October 1, 1990 included supplementary information concerning its actual adjustment for which it requested confidentiality. Confidentiality should be granted based on Western's showing of the likelihood of competitive injury.

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 November 1, 1990.


2. The GCA shall be (32.36) cents per Mcf for firm customers and (32.35) cents per Mcf for interruptable customers effective with final meter readings on and after November 1, 1990.


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.

Done at Frankfort, Kentucky, this 1st day of November, 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. 90-013-A DATED 11/01/90

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: General Sales Service Rate G-1

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: (\$.3236) per Mcf of gas used during the billing period.

Applicable to: Interruptible Sales Service Rate G-2

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: (\$.3235) 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	\$3.81	\$.1222	\$2.8849	-0-
G-3	4.04	.1432	2.9404	-0-
G-4	4.20	.1518	2.9577	-0-
		<u>Zone 2</u>	<u>Zone 3</u>	<u>Zone 4</u>
Other Purchases		2.4598	2.9404	2.4935

Tennessee Gas Pipeline Co.

			<u>Commodity</u>	<u>Gas Rate</u>
GS-2	-0-	-0-	.5576/Dth	2.5088
Other Purchases			2.25	
Local Producers		-0-	-0-	2.7184/Dth