

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-L
KENTUCKY GAS COMPANY)

O R D E R

On July 1, 1993, Western Kentucky Gas Company ("Western") filed its gas cost adjustment and a tariff with rates to become effective on and after August 1, 1993.

After reviewing the filings, the Commission finds that further proceedings are necessary in order to determine the reasonableness of the proposed adjustment in rates and that such proceedings cannot be completed prior to the proposed effective date.

IT IS THEREFORE ORDERED that:

1. Western's proposed rates be and they hereby are suspended for 5 months from the proposed effective date up to and including December 31, 1993.

2. Nothing in this Order shall prevent the Commission from entering a final decision in this case prior to the termination of the suspension period.

3. Within 10 days of the date of this Order, Western shall provide the following information:

a. Alternative pages 1 and 3 of Exhibit B which show gas costs from Tennessee Gas Pipeline ("Tennessee") recalculated at (1) Tennessee's most current rates that do not reflect

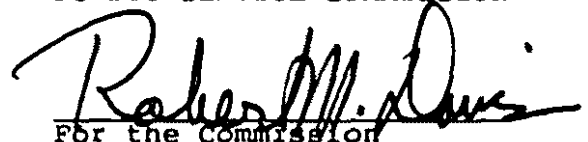
restructuring, and (2) Tennessee's restructured rates as filed by Western minus all transition cost surcharges. Page 1 of Exhibit B will show the effect of each recalculation on the expected gas cost.

b. Alternative pages 1 and 3 of Exhibit B and alternative pages 1 through 4 of Exhibit A showing gas costs using Tennessee's rates as filed by Western, with transition costs allocated to commodity and non-commodity components of rates using the take-or-pay allocation methodology.

c. An explanation for Western's proposed recovery of transition costs only from sales customers, as opposed to using the approved methodology for recovering take-or-pay costs.

Done at Frankfort, Kentucky, this 28th day of July, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director