

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 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 July 1, 1993, Western Kentucky Gas Company ("Western") filed its quarterly GCA which was to become effective August 1, 1993 and was to remain in effect until October 31, 1993. On July 28, 1993, the Commission issued its Order suspending Western's proposed rates and requesting various alternative schedules showing the effect of Tennessee Gas Pipeline ("Tennessee") transition costs on Western's rates.

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

1. Western's notice of July 1, 1993 set out certain revisions in rates which Western proposed to place into effect, said rates being designed to pass on to its firm sales customers the expected wholesale increase in gas costs from its suppliers in the amount of 3.73 cents per Mcf, including take-or-pay billings.

Western's proposed expected gas cost for firm sales customers for the quarter beginning August 1, 1993 was \$3.1713 per Mcf.

Western also proposed to pass on to its interruptible customers the wholesale decrease in gas costs in the amount of 2.14 cents per Mcf, including take-or-pay billings. Western's expected gas cost for interruptible sales customers for the quarter beginning August 1, 1993 was \$2.8393 per Mcf.

The information provided by Western in support of its proposed recovery of Tennessee transition costs showed that the 3.10 cent per Mcf Transition Cost Surcharge-Market Area was an existing charge that pre-dated Tennessee's proposed restructuring. The rate was approved by the Federal Energy Regulatory Commission ("FERC") as part of Tennessee's "Cosmic Settlement," and is contained in Article XXX of Tennessee's tariff. This charge is appropriate for recovery as a gas cost through Western's EGC.

Western has also provided this Commission with sufficient information to determine that the Transition Cost Surcharge-Supply Area of 2.25 cents per Mcf will not be charged to Western and should not be included for recovery in Western's EGC as originally proposed.

Western should be allowed to flow through Tennessee's proposed rates for September 1, 1993, including the Transition Cost Surcharge-Market Area of 3.10 cents per Mcf. The Transition Cost Surcharge-Supply Area of 2.25 cents per Mcf should not be included. Western's EGC should be \$3.1684 for firm customers and \$2.8364 for interruptible customers.

2. Western's notice set out a total refund adjustment for sales customers in the amount of 9.07 cents per Mcf which is comprised of refunds from previous refunds. Western's notice also set out a previous quarter refund adjustment for transportation customers in the amount of 1.17 cents per Mcf.

3. Western's notice set out a current quarter actual adjustment in the amount of (5.61) 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 February, March, and April 1993. The total actual adjustment for sales customers is (.51) cent per Mcf, and is designed to correct the current over-recovery as well as under- and over-collections from three previous quarters.

4. Western's notice set out a balance adjustment for sales customers in the amount of 23.12 cents per Mcf, which replaces the previous adjustment of (.14) cent per Mcf. This balance adjustment compensates for under-collections which occurred as a result of previous actual and balance adjustments.

5. Western proposed a GCA of (\$.1277) per Mcf for firm sales customers and (\$.2024) per Mcf for interruptible sales customers. The GCA for firm sales customers should be (\$.1306), with (\$.2053) being the appropriate rate for interruptible customers. These represent the combined effect of the approved EGC increase and the refund, actual, and balancing adjustments.

6. Western's data response filed August 2, 1993 requested that the GCA rates approved in the instant proceeding be given an

effective date of September 1, 1993. 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 September 1, 1993.

7. Western's filing of July 1, 1993 included supplementary information concerning its actual adjustment for which it requested confidentiality. This information discloses the actual price being paid by Western to individual marketing companies and other suppliers of gas. Publication of such information is likely to cause competitive injury to Western and should be protected.

IT IS THEREFORE ORDERED that:

1. The rates originally proposed by Western be and they hereby are denied.

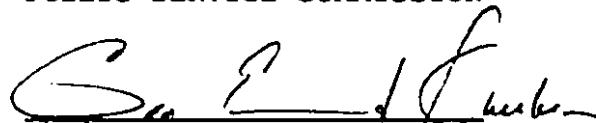
2. The rates in the Appendix to this Order, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with final meter readings on and after September 1, 1993.

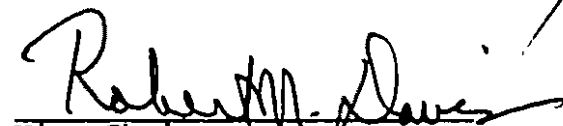
2. Within 30 days of the date of this Order, Western shall file with this Commission its revised tariffs setting out the rates authorized herein.

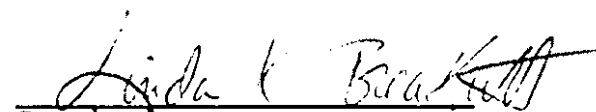
3. The detail sheet contained in Exhibit D, which Western has petitioned to be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection.

Done at Frankfort, Kentucky, this 1st day of September, 1993.

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-L DATED September 1, 1993.

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: (\$.1306) 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: (\$.2053) per Mcf of gas used during the billing period.