

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 95-010-U
KENTUCKY GAS COMPANY)

O R D E R

On September 29, 1995, in Case No. 95-010, the Commission approved adjusted rates for Western Kentucky Gas Company ("Western"), with their further adjustment to be made in accordance with the monthly gas cost adjustment ("GCA") approved in the final Order in Case No. 92-558.¹

On May 1, 1997, Western filed its monthly GCA to be effective from June 1, 1997 to July 1, 1997.

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

1. Western's notice proposed revised rates designed to pass on to its firm sales customers an expected wholesale increase in gas costs. Western's expected gas cost ("EGC") for firm sales customers is \$3.1654 per Mcf and \$2.5458 for high load factor ("HLF") firm customers.

¹ Case No. 92-558, In the Matter of Limited Rate Change of Western Kentucky Gas Company. Order dated February 15, 1995.

Western also proposed to pass on to its interruptible customers a wholesale increase in gas costs. Western's proposed EGC for interruptible sales customers is \$2.5458 per Mcf.

2. Western has current supplier refunds plus carry-overs from previous refunds in the amount of \$1,480,564, including interest, to return to its customers. The current refund adjustment is 5.16 cents per Mcf and 1.63 cents per Mcf for firm and interruptible customers, respectively. Total refund factors of 4.88 cents per Mcf for firm sales customers and 1.18 cents per Mcf for interruptible customers reflect adjustments from previous months.

Total refund adjustments for T-2 firm and T-2 interruptible transportation customers are .23 cents per Mcf and 0 cent per Mcf, respectively.

3. Western's notice set out the 6-month correction factor ("CF") of 9.38 cents per Mcf which will remain in effect until October 1, 1997. The CF is designed to collect net under-collections of gas cost from the 6-month period ending December 31, 1996.

4. These adjustments produce gas cost adjustments of (\$.2227) per Mcf for firm sales customers, (\$.8423) per Mcf for HLF customers, and (\$.0235) per Mcf for interruptible sales customers.

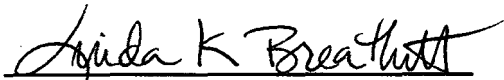
5. The rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be effective for final meter readings on and after June 1, 1997.

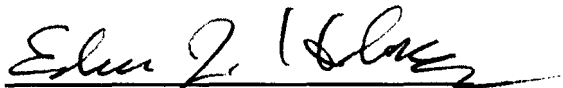
IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are fair, just, and reasonable and are approved effective for final meter readings on and after June 1, 1997.
2. Within 30 days of the date of this Order, Western shall file with the Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 28th day of May, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 95-010-U DATED MAY 28, 1997

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: (\$.2227) per Mcf of gas used during the billing period.

Applicable to: HLF General Sales Service

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: (\$.8423) 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: (\$.0235) per Mcf of gas used during the billing period.