

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT)	
FILING OF WESTERN LEWIS-)	CASE NO. 92-331-U
RECTORVILLE WATER AND GAS DISTRICT)	

ORDER

On May 12, 1993, in Case No. 92-331, the Commission approved adjustments to the rates of Western Lewis-Rectorville Water and Gas District ("Western Lewis") to recover its purchased gas cost on a quarterly basis in accordance with the provisions of its gas cost adjustment ("GCA") clause.

On May 27, 1998, Western Lewis filed its GCA to be effective from July 1, 1998 to October 1, 1998.

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

1. In its notice, Western Lewis proposed revised rates to pass on its expected increase in gas costs to its customers. Western Lewis's proposed expected gas cost is \$3.9368 per Mcf. Correcting the calculation to reduce line loss to the five percent permitted to be recovered in GCA rates yields an expected gas cost of \$3.9208.
2. Western Lewis's notice set out no refund adjustment.
3. Western Lewis's proposed current actual adjustment ("AA") is 37.78 cents per Mcf. Western Lewis set out the AA as a positive instead of a negative figure, when

in fact it experienced an over-recovery of gas cost for the months of January, February, and March 1998 which it needs to return to its customers. The current quarter AA should be (37.78) cents per Mcf. The total AA of (7.35) cents per Mcf reflects the current net over-recovery, as well as previous quarters' under- and over-recoveries.

4. Western Lewis's notice set out a current balance adjustment ("BA") of (7.95) cents per Mcf to reconcile a previous quarter AA. In making its calculations, Western Lewis used the under-recovery it had proposed in that previous quarter instead of the under-recovery found correct by the Commission. The current BA should be 1.28 cents per Mcf. The second previous quarter BA should be (2.81) cents per Mcf instead of 2.81 cents. The total BA should be 1.47 cents per Mcf.

5. These combined adjustments produce a corrected gas cost recovery rate ("GCR") of \$3.8620 per Mcf, 4.54 cents per Mcf less than its prior rate.

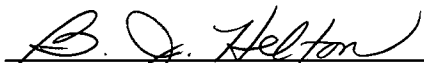
6. The revised rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after July 1, 1998.

IT IS THEREFORE ORDERED that:

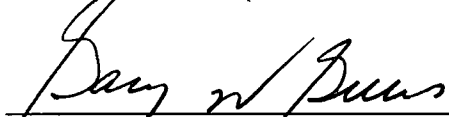
1. Western Lewis's proposed rates are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after July 1, 1998.
3. Within 30 days of the date of this Order, Western Lewis shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 25th day of June, 1998.

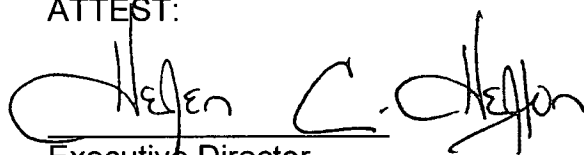
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 92-331-U DATED JUNE 25, 1998

The following rates and charges are prescribed for the customers served by Western Lewis-Rectorville Water and Gas District. 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.

RETAIL RATES:

Customer Charge	\$1.00 per month		
<u>Monthly usage</u>			
	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1,000 cubic feet or less (Minimum Bill)	\$3.9883	\$3.8620	\$7.8503
Next 4,000 cubic feet per 1,000 cubic feet	1.4565	3.8620	5.3185
Next 5,000 cubic feet per 1,000 cubic feet	1.3970	3.8620	5.2590
Over 10,000 cubic feet per 1,000 cubic feet	1.2228	3.8620	5.0848