

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 99-070-A
KENTUCKY GAS COMPANY)

O R D E R

On December 21, 1999, in Case No. 99-070, the Commission approved certain adjusted rates for Western Kentucky Gas Company ("Western") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On December 30, 1999, Western filed its quarterly GCA to be effective from February 1, 2000 to April 30, 2000.

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

1. Western's notice proposes revised rates designed to pass to its firm sales customers an expected wholesale increase in gas costs. Western's expected gas cost ("EGC") for firm sales customers is \$3.2970 per Mcf, an increase of 8 cents per Mcf from the previous EGC. The EGC proposed for high load factor ("HLF") firm customers is \$2.7377 per Mcf.

Western also proposes to pass to its interruptible customers a wholesale increase in gas costs. Western's proposed EGC for interruptible sales customers is \$2.7377 per Mcf.

2. Western's proposal set out no current period refund adjustment ("RF"). The total refund factors of 4.80 cents per Mcf for firm sales customers and HLF customers and 1.78 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 4.12 cents per Mcf and 1.10 cents per Mcf, respectively.

3. Western's notice set out no correction factor ("CF") for this period. The current CF of (22.39) cents per Mcf will remain in effect until April 1, 2000. The CF is designed to return net over-collections of gas cost from the six-month period ending June 30, 1999.

4. Western's notice sets out its Performance Based Rate Recovery Factor ("PBRF") of 9.34 cents per Mcf to be effective for the 12-month period beginning February 1, 2000.

5. These adjustments produce gas cost adjustments of \$3.1185 per Mcf for firm sales customers, 2.5592 per Mcf for HLF customers, and \$2.5894 per Mcf for interruptible sales customers. The impact on firm sales customers' bills is an increase of 14.87 cents per Mcf from the previous gas cost adjustment of \$2.9698.

6. 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 February 1, 2000.

7. Western included with its notice a petition for confidential protection of the detailed calculation of the amount to be recovered on Exhibit E of its filing. The information on these pages discloses the actual price being paid by Western to individual marketing companies and other suppliers of gas. The disclosure of this information is likely to cause harm to Western's competitive position. The information should, therefore, be held by this Commission and treated as confidential.

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 February 1, 2000.

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.

3. The information for which Western requested confidential protection shall be treated as confidential.

Done at Frankfort, Kentucky, this 19th day of January, 2000.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-070-A DATED JANUARY 19, 2000

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: \$3.1185 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: \$2.5592 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: \$2.5894 per Mcf of gas used during the billing period.