

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-B
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 Western's gas cost adjustment ("GCA") clause.

On February 29, 2000, Western filed an interim GCA to be effective from April 1, 2000 to April 30, 2000. This interim GCA will ensure that Western's Correction Factor ("CF") and Refund Adjustment ("RA") will comport with the timing of its newly approved quarterly filing schedule.

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

1. Western's notice proposes no change in its expected gas cost ("EGC") for firm sales customers or for high load factor ("HLF") firm customers. Likewise, Western proposes no change for its interruptible customers' wholesale gas costs.

2. Western's proposal set out no current period refund adjustment ("RF"). The total refund factors of .51 cent per Mcf for firm sales customers, HLF customers, and interruptible customers reflect adjustments from previous months.

Total refund adjustments for T-2 firm and T-2 interruptible transportation customers are 0.00 cents per Mcf.

3. Western's notice sets out the April 1, 2000 expiration of the previous six-month CF of (22.39) cents per Mcf. That CF was designed to return net over-collections of gas cost from the six-month period ending June 30, 1999. In order to coordinate its CF with its new quarterly filing schedule, Western has proposed a one-month CF of 0.00 cents per Mcf to be effective April 1, 2000 through April 30, 2000. It will resume its prescribed CF calculation in its GCA filing for rates effective May 1, 2000.

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. This PBRF is designed to provide for Western's collection of its share of PBR activity from November 1998 through October 1999.

5. These adjustments produce gas cost adjustments of \$3.3853 per Mcf for firm sales customers, 2.8260 per Mcf for HLF customers, and \$2.8260 per Mcf for interruptible sales customers. The impact on firm sales customers' bills is an increase of 26.68 cents per Mcf from the previous gas cost adjustment of \$3.1185.

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 April 1, 2000.

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 April 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.

Done at Frankfort, Kentucky, this 20th day of March, 2000.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-070-B DATED March 20, 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: \$3.3853 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: \$2.8260 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: \$2.8260 per Mcf of gas used during the billing period.