

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-C
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 April 3, 2000, Western filed its quarterly GCA to be effective May 1, 2000. On April 6, 2000, Western filed a motion to waive the 30-day notice requirement.

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 \$3.3382 per Mcf, an increase of 4.12 cents per Mcf from the previous EGC. The EGC proposed for high load factor ("HLF") firm customers is \$2.7789 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 \$2.7789 per Mcf.

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 and HLF customers and .51 cent per Mcf for interruptible customers reflect adjustments from previous months.

Western's notice set out no refund adjustment for T-2 firm and T-2 interruptible transportation customers.

3. Western's notice set out a correction factor ("CF") of 25.02 cents per Mcf for this period. The current CF of 25.02 cents per Mcf will remain in effect until November 1, 2000. The CF is designed to collect net under-collections of gas cost from the seven-month period ending January 31, 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.

5. These adjustments produce gas cost adjustments of \$3.6767 per Mcf for firm sales customers, \$3.1174 per Mcf for HLF customers, and \$3.1174 per Mcf for interruptible sales customers. The impact on firm sales customers' bills is an increase of 29.14 cents per Mcf from the previous gas cost adjustment of \$3.3853.

6. The rate adjustments in the Appendix to this Order are fair, just, reasonable and in the public interest. Western requested a waiver of the 30-day notice requirement on the basis that rates made effective after the proposed date of May 1 will cause Western increased costs and problems with its billing cycle. Therefore, the rates should be effective for final meter readings on and after May 1, 2000. The grounds

cited by Western constitute good cause to shorten the notice period pursuant to KRS 278.180(1).

7. Western included with its notice a petition for confidential protection of the detailed calculation of the amount to be recovered on Exhibit D, pages 5 and 6, 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. Western's motion to shorten the 30-day notice period is granted.
2. The rates in the Appendix to this Order are fair, just, and reasonable and are approved effective for final meter readings on and after May 1, 2000.
3. 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.
4. The information for which Western requested confidential protection shall be treated as confidential.

Done at Frankfort, Kentucky, this 1st day of May, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-070-C DATED MAY 1, 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: \$3.6767 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: \$3.1174 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: \$3.1174 per Mcf of gas used during the billing period.