

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-H
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 December 28, 2000, Western filed its GCA to be effective February 1, 2001 through April 30, 2001. The Commission suspended Western's filing on January 16, 2001 in order to further investigate the proposed GCA of \$10.6473 per Mcf. Commission Staff and Western representatives met on January 24, 2001 to discuss possible revisions to Western's proposed GCA. On January 24, 2001, Western filed a revised GCA which, although an increase from its last approved GCA of \$7.7404 per Mcf, is lower than the GCA of \$10.6473 per Mcf initially proposed in this proceeding.

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

1. Western's revised notice proposes 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 \$8.1851 per Mcf, an increase of \$1.6580 per Mcf

from the previous EGC of \$6.5271. The EGC proposed for high load factor ("HLF") firm customers is \$7.2026 per Mcf. Western's proposed EGC for interruptible sales customers is \$7.2026 per Mcf.

2. Western's proposal set out no current period refund adjustment ("RF"). The total refund factor of 1.17 cents per Mcf for firm sales customers and HLF customers and 1.17 cents per Mcf for interruptible customers reflects 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 \$1.1344 per Mcf, which will remain in effect until May 1, 2001. The CF is designed to collect net under-collections of gas cost from the seven-month period ending July 31, 2000.

4. Western's notice sets out its Performance Based Rate Recovery Factor ("PBRF") of 6.02 cents per Mcf to be effective for the 12-month period beginning February 1, 2001.

5. These adjustments produce gas cost adjustments of \$9.3680 per Mcf for firm sales customers, \$8.3855 per Mcf for HLF customers, and \$8.3855 per Mcf for interruptible sales customers. The impact on firm sales customers' bills is an increase of \$1.6276 per Mcf from the previous gas cost adjustment of \$7.7404.

6. The rate adjustments in the Appendix to this Order are fair, just, reasonable and in the public interest. Since the original GCA was filed with the required 30 days notice, Western's rates based on its revised GCA filing should be effective February 1, 2001.

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, 2001.

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 29th day of January, 2001.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. [unclear]", written over a horizontal line.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-070-H DATED JANUARY 29, 2001

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: \$9.3680 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: \$8.3855 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: \$8.3855 per Mcf of gas used during the billing period.