

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-I
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 8, 2001, Western filed its GCA to be effective March 1, 2001 through March 31, 2001. Western also requested a waiver of the 30-day notice requirement for its revised application in order to implement a decrease in rates in a timely manner.

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 decrease in gas costs. Western's expected gas cost ("EGC") for firm sales customers is \$7.2880 per Mcf, a decrease of 89.71 cents per Mcf from the previous EGC of \$8.1851. The EGC proposed for high load factor ("HLF") firm customers is \$6.3055 per Mcf. Western also proposes to pass to its interruptible

customers a wholesale decrease in gas costs. Western's proposed EGC for interruptible sales customers is \$6.3055 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 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 \$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 \$8.4709 per Mcf for firm sales customers, \$7.4884 per Mcf for HLF customers, and \$7.4884 per Mcf for interruptible sales customers. The impact on firm sales customers' bills is a decrease of 89.71 per Mcf from the previous gas cost adjustment of \$9.3680.

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 in order to implement a decrease in rates in a timely manner. Therefore, the rates should be effective for final meter readings on and after March 1, 2001. The grounds cited by Western constitute good cause to shorten the notice period pursuant to KRS 278.180(1).

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 March 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 19th day of February, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-070-I DATED FEBRUARY 19, 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: \$8.4709 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: \$7.4884 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: \$7.4884 per Mcf of gas used during the billing period.