

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-L
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 in accordance with Western's gas cost adjustment ("GCA") clause.

On April 27, 2001, Western filed its GCA to be effective June 1, 2001 through June 30, 2001.

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

1. Western's 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 \$6.7323 per Mcf, a decrease of 14.17 cents per Mcf from the previous EGC of \$6.8740. The EGC proposed for high load factor ("HLF") firm customers is \$5.8812 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 \$5.8812 per Mcf.

2. Western's proposal sets out no current period refund adjustment ("RF"). The total refund factor of 1.22 cents per Mcf for firm sales customers and HLF

customers and 1.22 cents per Mcf for interruptible customers reflect adjustments from prior periods. Western's notice set out no refund adjustment for T-2 firm and T-2 interruptible transportation customers.

3. Western's notice sets out a correction factor ("CF") of \$1.4216 per Mcf which is effective from May 1, 2001 until November 1, 2001. The CF is designed to collect net under-collections of gas cost from the six-month period ending January 31, 2001.

4. Western's notice sets out a Performance Based Rate Recovery Factor ("PBRF") of 6.02 cents per Mcf which is effective from February 1, 2001 until February 1, 2002.

5. These adjustments produce gas cost adjustments of \$8.2019 per Mcf for firm sales customers, \$7.3508 per Mcf for HLF customers, and \$7.3508 per Mcf for interruptible sales customers. The impact on firm sales customers' bills is a decrease of 14.17 cents per Mcf from the previous gas cost adjustment of \$8.3436.

6. The rate adjustments in the Appendix to this Order are fair, just, reasonable and are in the public interest.

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 June 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 17th day of May, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-070-L DATED MAY 17, 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: \$8.2019 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: \$7.3508 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: \$7.3508 per Mcf of gas used during the billing period.