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Robert Cicero  
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Daniel E. Logsdon Jr.  
Commissioner

December 13, 2016

## PARTIES OF RECORD

RE: Informal Conference for  
Case No. 2016-00406

Enclosed is a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the content of this memorandum should be submitted to the Commission within seven days of receipt of this letter. Questions regarding this memorandum should be directed to Matthew Baer at (502) 782-2656.

Sincerely,

A handwritten signature in blue ink that reads "Talina R. Mathews".

Talina R. Mathews  
Executive Director

Enclosure

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File

**FROM:** Matthew Baer, Financial Analysis

**DATE:** December 13, 2016

**RE:** Case No. 2016-00406  
Purchased Gas Adjustment Filing of Western Lewis-Rectorville Water and Gas District

Pursuant to a Commission Staff Notice of Informal Conference issued on December 12, 2016, an informal telephonic conference ("IC") was held on December 12, 2016, at the Commission's offices in Frankfort, Kentucky. A list of the attendees is attached hereto. Issues related to Western Lewis-Rectorville Water and Gas District's ("Western Lewis") purchased gas adjustment ("PGA") application were discussed. Pauline Bickley of Western Lewis stated that, due to the size of several previously approved refunds included in Western Lewis's current PGA application, Western Lewis is worried it will not be able to pay its wholesale gas provider, Atmos Energy Marketing. Ms. Bickley also informed Staff that Western Lewis believes its base rates to be extremely low, having last been increased in approximately 1993, and that it is in the process of preparing an Alternative Rate Filing ("ARF") for an increase in rates.

Staff questioned whether Western Lewis maintained its PGA revenues separately from other revenues to enable the refund of over-collections of gas cost to its customers, to which Ms. Bickley responded it did not. Western Lewis stated that it has been requesting Atmos Energy Marketing to gradually lower its Expected Gas Cost estimate to reduce future over-collections of gas cost, which conforms to previous Commission Orders. Commission Staff explained to Western Lewis that the instant application would likely be suspended and that further, written requests for information related to the future treatment of its gas cost over-recoveries would be forthcoming.

Western Lewis asked several general questions about the ARF process, to which Staff responded. Western Lewis indicated that the problem of its current extremely low gas cost rate is only made worse by the fact that its base rates are so low, and that it hopes to be able to file an application and have increased rates approved by the Commission as quickly as possible. There being no further discussions, the IC was adjourned.

Attachment: Sign-In Sheet

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF )  
WESTERN LEWIS RECTORVILLE WATER AND ) CASE NO.  
GAS DISTRICT ) 2016-00406

**Informal Conference – December 12, 2016**

Please sign in:

NAME

REPRESENTING

<u>Pauline Bickley</u>	<u>Western Lewis Rectorville</u>
<u>Jeff Newman</u>	<u>CPA</u>
<u>Chad Clark</u>	<u>Western Lewis Rectorville</u>
<u>Zynn Roseman</u>	<u>CPA</u>
<u>Virginia Gregg</u>	<u>PSC</u>
<u>Matthew Durr</u>	<u>PSC</u>
<u>Leah Lanham</u>	<u>PSC</u>
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\*Western Lewis-Rectorville Water and Gas District  
8044 KY 3161  
Maysville, KY 41056-9344

\*Pauline Bickley  
Senior Office Clerk  
Western Lewis-Rectorville Water and Gas District  
8044 KY 3161  
Maysville, KY 41056-9344