

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GAS COST ADJUSTMENT	)	CASE NO. 9556-F, 9556-G, 9556-H,
FILING OF WESTERN	)	9556-I, 9556-J, 9556-K, 9556-L,
KENTUCKY GAS COMPANY	)	9556-M, 9556-N, AND 9556-O

O R D E R

This matter arising upon petition of Western Kentucky Gas Company ("Western") filed in Subdocket F on April 1, 1988 and supplemented February 16, 1989; in Subdocket G on June 30, 1988 and supplemented February 16, 1989; in Subdocket H on October 3, 1988 and supplemented February 16, 1989; in Subdocket I on January 3, 1989 and supplemented February 16, 1989; in Subdocket J on April 3, 1989; in Subdocket K on January 3, 1989; in Subdocket L on October 2, 1989; in Subdocket M on January 2, 1990; in Subdocket N on April 2, 1990; and in Subdocket O on July 6, 1990 for confidential protection of the purchase prices paid by Western for its supplemental gas purchases filed as Exhibit D to Western's gas cost adjustment ("GCA") filings on the grounds that disclosure is likely to cause Western competitive injury, and it appearing to this Commission as follows:

Western seeks to protect from public disclosure that portion of its GCA filing which discloses the actual price being paid by Western to individual suppliers for its supplemental gas purchases and information from which the prices can be mathematically ascertained. These purchases are short term in nature, the prices and

volumes usually quoted, or "nominated," for 30-day periods, usually through a sealed bid process. These purchases are a significant factor in the purchase gas adjustment made by Western and in conjunction with those adjustments, Western is required to furnish the Commission detailed information concerning these transactions. In making these purchases, Western must compete with other purchasers of natural gas on the same market, many of whom are not regulated. In addition, some suppliers in this market will not sell to a purchaser unless that purchaser agrees not to disclose the price, terms, and conditions of the sale.

807 KAR 5:001, Section 7, protects information as confidential when it is established that public disclosure is likely to cause substantial harm to the competitive position of the party from whom the information is obtained. Therefore, if disclosure of the purchase prices paid by Western for supplemental gas has a detrimental effect upon Western's competitive position, the information should be protected as confidential.

Western purchases its supplemental gas from several suppliers. If the prices paid by Western for supplemental gas are made known to all of its suppliers, each supplier will be less willing to sell gas at lower than Western's highest negotiated price. Consequently publication will result in an overall increase in the price Western is forced to pay for gas on the supplemental market.

In addition, some suppliers on the supplemental market will not sell to a purchaser unless the purchaser agrees not to disclose the price, terms, and conditions of the sale. If Western is

required to disclose the terms of each purchase, it will not be able to purchase gas from these suppliers, thereby limiting the sources of supply available to Western on the supplemental market.

Any impairment of Western's ability to negotiate the price for gas that it purchases is likely to result in Western paying a higher price for gas than is paid by non-regulated gas suppliers with whom Western competes. The non-regulated gas suppliers will not only be able to maintain their own purchase price as confidential, but will be able to use the published information in pricing their products below Western's. Publication of the information, therefore, is likely to cause substantial harm to Western's competitive position and the information should be protected from disclosure.

This Commission being otherwise sufficiently advised,

IT IS ORDERED that:

1. That portion of the information contained in Exhibit D to the GCA filings showing the actual prices paid by Western for its supplemental gas purchases, and information from which those prices can be mathematically ascertained, which Western has petitioned be withheld from public disclosure, shall be held and retained by the Commission as confidential and shall not be open for public inspection.

2. Western shall, within 10 days of the date of this Order, file an edited copy of the information with the confidential material obscured for inclusion in the public record, with copies to all parties of record.

Done at Frankfort, Kentucky, this 15th day of August, 1990.

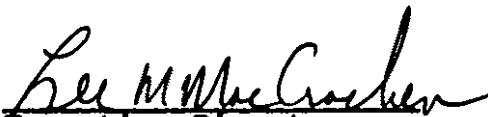
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director