

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WESTERN KENTUCKY GAS COMPANY'S)
PROPOSED TARIFF FILING OF REVISIONS)
TO ITS GENERAL TRANSPORTATION) CASE NO. 9857
TARIFF RATE T-2)

O R D E R

On January 5, 1987, Western Kentucky Gas Company ("Western") filed with this Commission proposed revisions to its General Transportation Tariff Rate T-2. A hearing was held in the Commission's offices on April 21, 1987, to consider testimony and other evidence on the proposed change in availability of service for the tariff. Intervenors in the case were EnTrade Corporation and Kentucky Industrial Utility Customers. On April 2, 1987, Western filed certain information pertaining to this case along with a petition for confidentiality due to its sensitive nature.

The revisions included the requirements that all gas transported by Western on behalf of the customer must also have been transported by Tennessee Gas Pipeline Company ("Tennessee"), and that the gas transported must be released gas for which Tennessee would receive take-or-pay relief credit.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

1. The Federal Energy Regulatory Commission ("FERC") has not ruled as yet on Docket No. RP86-119 in which Tennessee is proposing to directly bill its customers for take-or-pay costs.

2. Tennessee has not required and would not be allowed by FERC to require the transportation of released gas only.

3. The avoidance by tariff revision of possible take-or-pay liabilities is premature and should be denied.

4. The motion for confidentiality filed April 2, 1987, should be granted in order to avoid violation of FERC's confidentiality rules and to satisfy Western's obligation to respect Tennessee's desire for confidentiality in this matter.

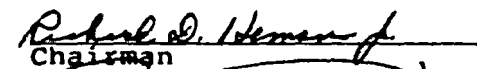
IT IS THEREFORE ORDERED that:

1. Western's proposed revision to its General Transportation Tariff Rate T-2 be and it hereby is denied.

2. Western's motion for confidentiality be and it hereby is granted.

Done at Frankfort, Kentucky, this 1st day of July, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director