COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE FUEL FLEX TARIFF OF WESTERN KENTUCKY GAS COMPANY	))	CASE NO. 89-354

O R D E R

IT IS ORDERED that Western Kentucky Gas Company ("Western") shall file the original and 12 copies of the following information with the Commission within 10 days of the date of this Order. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Provide the names of industrial customers (including those who have already converted to alternative fuel) with alternative fuel capability; the transportation volumes Western stands to lose for each customer; and possible revenue loss associated with each customer.

2. Has Western considered requiring flex transportation customers to stay on flex service for a minimum period, with Western having the ability to flex over the tariff rate if the price of alternative fuel increases during the minimum period? Explain.

3. The Commission has approved flex transportation rates for two other LDCs with the provision that revenue shortfalls experienced by the utilities will be considered during rate case proceedings. On what basis has Western proposed a revenue-sharing mechanism?

4. How does Western propose to allocate take-or-pay recovery to transportation customers?

5. How will variable costs per customer be determined at the time the flex rate is determined? Provide a detailed description of the variable costs associated with serving these transportation customers.

6. Refer to Sheet 16-A, the first sentence of paragraph 3 of Western's proposed alternative fuel tariff: "The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer." Should the words, "whichever is less," be added to this sentence to ensure that flex volumes do not exceed the available quantity of alternative fuel?

7. Refer to Sheet 16-B, the last sentence of the first paragraph: "Any available banked volumes not actually taken by

the customer by the end of the month shall be deemed abandoned to the Company's system supply for the benefit of the Company's sales customers." Will Western account for abandoned gas in gas cost adjustment filings? Explain.

8. Refer to Sheet 16-B, last paragraph: ". . .service during flex periods will be provided on a 'best efforts' rather than 'interruptible' basis." Explain the difference in these types of service as Western intends to apply them.

9. Will Tennessee Gas or Texas Gas share in the flexing of transportation rates? If so, to what extent? If not, what efforts has Western made to attain such a joint arrangement?

Done at Frankfort, Kentucky, this 12th day of December, 1989.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Executive Director