

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 92-558-B
KENTUCKY GAS COMPANY)

O R D E R

On December 22, 1993, the Commission issued its Order in Case No. 92-558 approving on an experimental basis a monthly mechanism for the adjustment of rates in accordance with the provisions of the gas cost adjustment ("GCA") clause set forth therein.

On January 28, 1994, Western Kentucky Gas Company ("Western") filed its monthly GCA with a proposed effective date of March 1, 1994, to be effective until April 1, 1994. On February 22, 1994, Western supplemented its filing with additional information concerning the calculation of its expected gas cost ("EGC").

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

1. Western's notice of January 28, 1994 set out certain revisions in rates which Western proposed to place into effect, said rates being designed to pass on to its firm sales customers an expected wholesale increase in gas costs from its suppliers in the amount of 15.39 cents per Mcf. Western's proposed EGC for firm sales customers effective March 1, 1994 is \$3.5075 per Mcf.

Western proposed to pass on to its interruptible customers a wholesale increase in gas costs. Western's proposed

expected gas cost for interruptible sales customers effective March 1, 1994 is \$2.9206 per Mcf.

2. Western's notice set out current refund adjustments for firm and interruptible sales customers in the amounts of 2.7 cents and 2.1 cents per Mcf, respectively. The refund from Texas Gas Transmission Corporation ("Texas Gas"), which was in the amount of \$769,900 including interest, was a result of the termination of Texas Gas' transportation cost adjustment. The refund was allocated by Texas Gas to Western on the basis of demand and commodity portions, and Western proposes to flow the refund through to its customers on the same basis. Total refund factors, which include current as well as previous refund factors, are 11.43 cents per Mcf for firm sales customers and 10.83 cents per Mcf for interruptible customers.

Western's notice also set out current refund adjustments for firm and interruptible transportation customers in the amounts of .92 cent and .32 cent per Mcf, respectively, with total refund adjustments of 2.09 cents and 1.49 cents per Mcf, respectively.

3. Western's notice as filed in compliance with its revised GCA clause does not include actual or balance adjustments. These adjustments are replaced by a correction factor ("CF") which is to be filed in its application for rates to be effective April 1, 1994. At the time of that filing, Western should reconcile the amount to be included in its proposed CF with amounts already recovered or returned through its actual and balance adjustments.

4. Western's GCA is (\$.0412) per Mcf for firm sales customers and (\$.3648) per Mcf for interruptible sales customers. These represent the combined effect of the approved EGC increase and the refund adjustments.

5. Western's adjustment in rates under the provisions approved by the Commission in its Order in Case No. 92-558 dated December 22, 1993 is fair, just, and reasonable, in the public interest, and should be effective with final meter readings on and after March 1, 1994.


IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with final meter readings on and after March 1, 1994.

2. Within 30 days of the date of this Order, Western shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 25th day of February, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 92-558-B DATED February 25, 1994

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: (\$.0412) 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: (\$.3648) per Mcf of gas used during the billing period.