

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT)
FILING OF WESTERN LEWIS-) CASE NO. 92-331-T
RECTORVILLE WATER AND GAS DISTRICT)

O R D E R

On May 12, 1993, in Case No. 92-331, the Commission approved adjustments to the rates of Western Lewis-Rectorville Water and Gas District ("Western Lewis") to recover its purchased gas cost on a quarterly basis in accordance with the provisions of its gas cost adjustment ("GCA") clause.

On February 26, 1998, Western Lewis filed its GCA to be effective from April 1, 1998 to July 1, 1998.

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

1. In its notice, Western Lewis proposed revised rates to pass on its expected wholesale decrease in gas costs to its customers. Western Lewis's proposed expected gas cost ("EGC") is \$3.8536 per Mcf.
2. Western Lewis's notice set out no refund adjustment.
3. Western Lewis's proposed current actual adjustment ("AA") is 26.73 cents per Mcf, which is designed to collect under-recoveries of October, November, and

December 1997 gas cost from its customers. The total AA of 3.35 cents per Mcf reflects the current net under-recovery, as well as previous quarters' under- and over-recoveries.

4. Western Lewis's notice set out a current balance adjustment ("BA") of .28 cent per Mcf to reconcile a previous quarter AA. The previous quarter BA should be (2.81) cents per Mcf instead of 3.77 cents per Mcf; the second previous quarter BA should be 2.72 cents per Mcf instead of 2.81 cents per Mcf; and the third previous quarter BA should be 1.84 cents per Mcf instead of (1.84) cents per Mcf. The total BA is 2.03 cents per Mcf.

5. These combined adjustments produce a corrected gas cost recovery rate ("GCR") of \$3.9074 per Mcf, 37.30 cents per Mcf less than its prior rate.

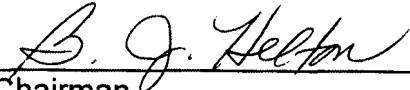
6. The revised rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after April 1, 1998.

IT IS THEREFORE ORDERED that:

1. Western Lewis's proposed rates are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after April 1, 1998.
3. Within 30 days of the date of this Order, Western Lewis shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 31st day of March, 1998.

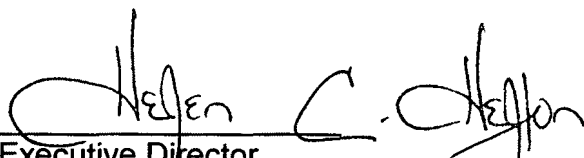
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

