

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF WESTERN)	CASE NO. 95-010-QQ
KENTUCKY GAS COMPANY)	

O R D E R

On September 29, 1995, in Case No. 95-010, the Commission approved adjusted rates for Western Kentucky Gas Company ("Western"), with their further adjustment to be made in accordance with the monthly gas cost adjustment ("GCA") approved in the final Order in Case No. 92-558.¹

On March 1, 1999, Western filed its monthly GCA to be effective from April 1, 1999 to May 1, 1999.

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

1. Western's notice proposes revised rates designed to pass to its firm sales customers an expected wholesale decrease in gas costs. Western's expected gas cost ("EGC") for firm sales customers is \$2.7334 per Mcf, a decrease of 7.43 cents per Mcf from the previous EGC. The EGC proposed for high load factor ("HLF") firm customers is \$2.1785 per Mcf.

¹ Case No. 92-558, In the Matter of Limited Rate Change of Western Kentucky Gas Company, Order dated November 20, 1995.

Western also proposes to pass to its interruptible customers a wholesale decrease in gas costs. Western's proposed EGC for interruptible sales customers is \$2.1785 per Mcf.

2. Western has current quarter refunds of \$1,126,672, including interest, to return to its customers. Current quarter refund factors are 4.29 cents per Mcf for firm sales customers and 1.27 cents per Mcf for interruptible sales customers. Total refund factors of 6.54 cents per Mcf for firm sales customers and 3.30 cents per Mcf for interruptible customers reflect the current refund adjustments as well as adjustments from previous months. The total refund adjustment for firm sales customers represents a 4.29 cent per Mcf decrease from the previous month's total refund factor.

Total refund adjustments for T-2 firm and T-2 interruptible transportation customers are 4.42 cents per Mcf and 1.18 cents per Mcf, respectively, and reflect current refund factors of 4.12 cents per Mcf and 1.10 cents per Mcf.

3. Western's notice sets out a 6-month correction factor ("CF") of (18.82) cents per Mcf which will remain in effect until October 1, 1999. The CF is designed to return net over-collections of gas cost from the 6-month period ending December 31, 1998. The new CF represents an increase of 12.28 cents per Mcf from the previous CF.

4. Western's notice set out its Performance Based Rate Recovery Factor (PBRF) of 2.47 cents per Mcf to be effective for the 12 month period beginning February 1, 1999.

5. These adjustments produce gas cost adjustments of (\$.9286) per Mcf for firm sales customers, (\$1.4835) per Mcf for HLF customers, and (\$.6693) per Mcf for

interruptible sales customers. The impact on firm sales customers bills is an increase of .56 cents per Mcf from the previous gas cost adjustment of (\$.9342).

6. The rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be effective for final meter readings on and after April 1, 1999.

7. Western included with its notice a petition for confidential protection of pages five and six of Exhibit D of its filing. The information on these pages discloses the actual price being paid by Western to individual marketing companies and other suppliers of gas. The disclosure of this information is likely to cause harm to Western's competitive position. The information should, therefore, be held by this Commission and treated as confidential.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are fair, just, and reasonable and are approved effective for final meter readings on and after April 1, 1999.

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

3. The information for which Western requested confidential protection shall be treated as confidential.

Done at Frankfort, Kentucky, this 12th day of March, 1999.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 95-010-QQ DATED MARCH 12, 1999

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: (\$.9286) per Mcf of gas used during the billing period.

Applicable to: HLF General Sales Service

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: (\$1.4835) 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: (\$.6693) per Mcf of gas used during the billing period.