

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WESTERN)
KENTUCKY GAS COMPANY) CASE NO. 99-070
FOR AN ADJUSTMENT OF RATES)

O R D E R

On May 28, 1999, Western Kentucky Gas Company (Western) filed an application with the Commission for a rate adjustment. In its filing, Western requested, pursuant to 807 KAR 5:001, Section 10(11)(a-c), a waiver from the requirements of 807 KAR 5:001, Section 10(9)(b), Section 10(9)(f), Section 10(9)(g), Section 10(9)(h), Section 10(10)(k) and Section 10(10)(i) and a blanket deviation from any rule, regulation or other requirement that might otherwise delay or impede the review and approval of its application pursuant to 807 KAR 5:006, Section 27.

Having reviewed the filing and being otherwise sufficiently advised, the Commission finds that:

1. For good cause shown by a utility, the Commission has the authority to grant the deviations requested.
2. Western's request for waiver of the filing requirements of 807 KAR 5:001, Section 10(9)(b), Section 10(9)(f), Section 10(9)(g), Section 10(9)(h), Section 10(10)(k) and (10)(10)(i), states that it would be more efficient for Western to provide fiscal year data versus calendar year data where calendar year data is requested. The Commission finds that the information filed by Western is sufficient to enable the

Commission to review adequately Western's application with the exception of the information required under Section 10(9)(h)(4). Therefore, Western's request for waiver of the filing requirements of 807 KAR 5:001, Section 10(9)(b), Section 10(9)(f), Section 10(9)(g), Section 10(9)(h) with the exception of subsection (4), Section 10(10)(k) and Section 10(10)(i), should be granted.

3. 807 KAR 5:001, Section 10(9), requires any utility requesting a general adjustment in rates supported by a fully forecasted test period to provide certain information to the Commission or a statement explaining why the information does not exist and is not applicable to the utility's application. Section 10(9)(h)(4) requires the financial forecast corresponding to each of the 3 forecasted years included in the capital construction budget to include the revenue requirements necessary to support the forecasted rate of return.

4. The information required by 807 KAR 5:001, Section 10(9)(h)(4), is critical to the Commission's effective review of Western's filing, and the operating income statement cited in the application as satisfying this requirement does not present the revenue requirements necessary to support the forecasted rate of return over the 3 forecasted years.

5. The request by Western to use a fiscal year rather than calendar year does not provide sufficient grounds to grant a waiver of the filing requirements of 807 KAR 5:001, Section 10(9)(h)(4).

6. Western's request for a waiver of the requirements of 807 KAR 5:001, Section 10(9)(h)(4), should be denied.

7. 807 KAR 5:001, Section 10(9)(i), requires the utility requesting a general adjustment in rates supported by a fully forecasted test period to file the most recent Federal Energy Regulatory Commission audit report or a statement explaining why the required information does not exist or is not applicable to the utility's application. Western's application states at page 9 that 807 KAR 5:001, Section 10(9)(i), is N/A, but fails to provide an explanation of why it is inapplicable.

8. Western did not request a deviation from 807 KAR 5:001, Section 10(9)(i).

9. Western should be required to file the information required by 807 KAR 5:001, Section 10(9)(i), or provide an explanation why the information is inapplicable to Western.

10. The deviation provision of Commission Regulation 807 KAR 5:006, Section 27, applies only to the rules and requirements of 807 KAR 5:006 and cannot be used for a deviation from the filing requirements of 807 KAR 5:001 and used as such should be denied.

11. Since the information required by 807 KAR 5:001, Section 10(9)(h)(4) and Section 10(9)(i), is not included in Western's application filed May 28, 1999, the application should be rejected and the statutory time period in which the Commission must rule on this matter should not commence until the required information is filed with the Commission.

12. The proposed tariff with the effective date of July 1, 1999 should be considered void and Western should be required to refile a proposed tariff providing an effective date no sooner than 30 days from the date it is refilled.

IT IS THEREFORE ORDERED that:

1. The application filed by Western on May 28, 1999 is rejected and the statutory time period in which the Commission is required to rule shall not commence until the required information is filed with the Commission.

2. Western's request for a waiver of the filing requirements of 807 KAR 5:001, Section 10(9)(b), Section 10(9)(f), Section 10(9)(g), Section 10(9)(h) with the exception of subsection (4), Section 10(10)(k) and Section 10(10)(i), is granted.

3. Western's request for a waiver of the filing requirements of 807 KAR 5:001, Section 10 (9)(h)(4), is denied.

4. Western's request for deviation from any rule, regulation or requirement under 807 KAR 5:006, Section 27, is not applicable to the deficiencies cited under 807 KAR 5:001 and is therefore denied.

5. The proposed tariff filed with Western's application on May 28, 1999 with the effective date of July 1, 1999 is void and Western shall refile its proposed tariff with the Commission with an effective date no sooner than 30 days from the date the proposed tariff is refiled.

Done at Frankfort, Kentucky, this 16th day of June, 1999.

By the Commission

ATTEST:

Executive Director