

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF WESTERN)	CASE NO. 99-070-P
KENTUCKY GAS COMPANY)	

O R D E R

On December 21, 1999, in Case No. 99-070, the Commission approved rates for Western Kentucky Gas Company ("Western") and provided for their further adjustment in accordance with Western's gas cost adjustment (GCA) clause.

On January 2, 2002, Western filed its GCA to be effective February 1, 2002. Western revised its filing on January 4, 2002.

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

1. Western's notice includes revised rates designed to pass on to its sales customers its expected decrease in wholesale gas costs. Western forecasted \$3.00 per mmBtu as the commodity portion of its EGC based on an average NYMEX futures price of \$2.7816 per mmBtu for the quarter February through April 2002. The commodity forecast of \$3.00 per mmBtu, or \$3.34 per Mcf, plus a demand cost of \$1.0612 per Mcf produces an expected gas cost ("EGC") for firm sales customers of \$4.4012 per Mcf, a decrease of 29.54 cents per Mcf from the previous EGC of \$4.6966. Western's EGC for both high load factor ("HLF") firm customers and interruptible sales customers is \$3.5501 per Mcf, a decrease of 29.54 cents per Mcf from the previous EGC of \$3.8455.

2. Western's notice sets out no current period refund factor (RF). The total refund factor of .24 cent per Mcf for firm sales customers, HLF firm customers and interruptible sales customers reflects adjustments from prior periods. Western's notice sets out no refund adjustment for T-2 firm and T-2 interruptible transportation customers.

3. Western's notice sets out a correction factor ("CF") of 3.89 cents per Mcf, which is 11.33 cents per Mcf less than the previous CF, effective from February 1, 2002 until May 1, 2002. The CF is designed to collect under-recoveries of gas cost for the 3 months ended October 31, 2001.

4. Western's notice sets out a Performance Based Rate Recovery Factor (PBRF) of 2.37 cents per Mcf, which is 3.65 cents per Mcf less than the previous PBRF, effective from February 1, 2002 until February 1, 2003.

5. Western's GCA for firm sales customers is \$4.4614 per Mcf. Its GCA for HLF firm customers and interruptible sales customers is \$3.6103 per Mcf. The impact on firm sales customers is a decrease of 44.52 cents per Mcf from the previous gas cost adjustment of \$4.9066. The impact on HLG firm customers and interruptible sales customers is a decrease of 44.52 cents per Mcf from the previous gas cost adjustment of \$4.0555.

6. The rates in the Appendix to this Order are fair, just and reasonable, in the public interest, and should be approved for final meter readings by Western on and after February 1, 2002.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for final meter readings on and after February 1, 2002.

2. Within 20 days of the date of this Order, Western shall file with the Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 24th day of January, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-070-P DATED January 24, 2002

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: \$4.4614 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: \$3.6103 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: \$3.6103 per Mcf of gas used during the billing period.