

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COLUMBIA) CASE NO. 94-179-C
GAS OF KENTUCKY, INC.)

 O R D E R

On November 1, 1994, in Case No. 94-179, the Commission approved certain adjusted rates for Columbia Gas of Kentucky, Inc. ("Columbia") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On August 1, 1995, Columbia filed its GCA to be effective September 1, 1995 through November 30, 1995.

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

1. Columbia's notice proposed revised rates designed to pass on its expected wholesale increase in gas costs. Columbia's proposed expected gas cost ("EGC") for the quarter beginning September 1, 1995 is \$3.5038.

2. Columbia's notice set out a rate for Banking and Balancing Service of 2.70 cents per Mcf.

3. Columbia's notice set out total fixed charged refund adjustments of (.61) cent per Mcf for sales customers and (.41) cent per Mcf for transportation customers which reflect previous fixed charge refund adjustments.

4. Columbia's notice set out its proposed annual actual cost adjustment ("ACA") of (61.77) cents per Mcf. In the ACA, Columbia did not credit half of the released capacity revenues and off-system sales revenues that it realized during the 12 months ending June 30, 1995. Pursuant to its proposed incentive mechanism filed on July 28, 1995, to be effective September 1, 1995, Columbia retained \$257,370 of released capacity and off-system sales revenues that ordinarily would flow through the ACA.

The Commission suspended the proposed incentive mechanism until January 31, 1996.¹ Furthermore, a tariff mechanism for the sharing of capacity release and off-system sales revenues in the manner set forth by Columbia was not even proposed during the 12 months ended June 30, 1995. The total over-recovery on which the ACA should be calculated is \$10,652,648, which includes all capacity release and off-system sales revenues. The resulting ACA effective September 1, 1995 is (63.30) cents per Mcf, with demand and commodity portions of 21.64 cents and (84.94) cents per Mcf, respectively.

5. Columbia's notice set out its semi-annual balancing adjustment ("BA") of (6.64) cents per Mcf to collect remaining over-recoveries from previous actual and balancing adjustments.

¹ Case No. 95-353, In the Matter of the Tariff Filing of Columbia Gas of Kentucky, Inc. to Implement a Capacity Release Revenue Sharing Mechanism and an Off-System Sales Revenue Sharing Mechanism, established August 17, 1995.

6. Columbia's notice contained a current refund adjustment of 1.39 cents per Mcf to return \$234,462 of supplier refunds, including interest, to its customers. The total refund adjustment of 6.56 cents per Mcf reflects the current plus a previous quarter refund adjustment.

7. Columbia's notice set out a Special Agency Service refund adjustment of .05 cent per Mcf.

8. These adjustments produce a gas cost recovery rate ("GCR") of \$2.7322, 80.21 cents per Mcf less than the prior rate.

9. The revised rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for gas supplied on and after September 1, 1995.

10. Columbia's notice contained a request for confidential treatment of information filed as back-up for its purchases of spot market gas. Publication of such information is likely to cause competitive injury to Columbia and should be protected.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Columbia are hereby denied.

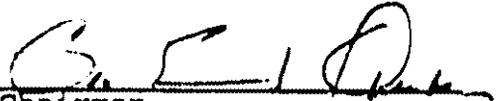
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after September 1, 1995.

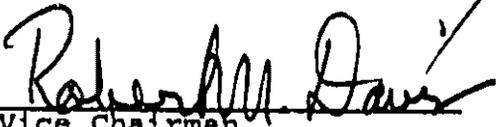
3. Within 30 days of the date of this Order, Columbia shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

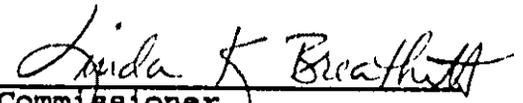
4. Columbia's treatment for confidential treatment of its spot market purchase data is hereby approved.

Done at Frankfort, Kentucky, this 1st day of September, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 94-179-C DATED SEPTEMBER 1, 1995.

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. 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.

CURRENTLY EFFECTIVE BILLING RATES

	<u>Base Rate Charge</u>	<u>Gas Cost Demand</u>	<u>Adjustment Commodity</u>	<u>Total Billing Rate</u>
<u>SCHEDULE GSR</u>				
First 1 Mcf or less per mo.	\$ 8.10	\$ 1.6955	\$ 1.0367	\$10.8322
Over 1 Mcf per mo.	1.9544	1.6955	1.0367	4.6866
<u>RATE SCHEDULE GSO</u>				
Commercial or Industrial				
First 1 Mcf or less	22.00	1.6955	1.0367	24.7322
Next 49 Mcf per mo.	1.9544	1.6955	1.0367	4.6866
Next 350 Mcf per mo.	1.8910	1.6955	1.0367	4.6232
Next 600 Mcf per mo.	1.7910	1.6955	1.0367	4.5232
Over 1,000 Mcf per mo.	1.6170	1.6955	1.0367	4.3492
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
<u>Standby Service Demand Charge</u>				
Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agrmt.		9.6262		9.6262
<u>Delivery Rate Per Mcf</u>				
First 400 Mcf per mo.	1.8910	(.0041)		1.8869
Next 600 Mcf per mo.	1.7910	(.0041)		1.7869
Over 1,000 Mcf per mo.	1.6170	(.0041)		1.6129
Former IN8 Rate per Mcf	.9455			.9455
Banking & Balancing Service		0.0270		0.0270

	<u>Base Rate Charge</u>	<u>Gas Cost Demand</u>	<u>Adjustment Commodity</u>	<u>Total Billing Rate</u>
<u>RATE SCHEDULE IS</u>				
<u>Customer Charge per mo.</u>	\$135.79			\$135.79
First 30,000 Mcf	0.6158		\$1.0367*	1.6525
Over 30,000 Mcf	0.3293		1.0367*	1.3660
<u>Standby Service Demand Charge</u>				
Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agree.		9.6262		9.6262
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
First 30,000 Mcf	0.6158	(.0041)		0.6117
Over 30,000 Mcf	0.3293	(.0041)		0.3252
Banking & Balancing Service		0.0270		0.0270
<u>RATE SCHEDULE IUS</u>				
For all Volumes Delivered Each Month	.1972	1.6955	1.0367	2.9294
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
Delivery Rate Per Mcf	.1972	1.6955		1.8927
Banking & Balancing Service		0.0270		0.0270
<u>Mainline Delivery Service</u>				
Administrative Charge	65.00			65.00
Delivery Rate Per Mcf	0.1000			0.1000
Banking & Balancing Service		0.0270		0.0270
<u>RATE SCHEDULE IN6 - INDUSTRIAL AND COMMERCIAL</u>				
Commodity Charge	1.6955	1.6955	1.0367	4.4685
<u>RATE SCHEDULE IN7 - SMALL COMMERCIAL</u>				
Commodity Charge	.5924	1.6955	1.0367	3.3246

*IS customers may be subject to the demand gas cost, under the conditions set forth on Sheets 14 and 15 of this tariff.