

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

EFFECT OF PURCHASED GAS ADJUSTMENT)
CLAUSE ON RATES OF THE WISER OIL) CASE NO. 6870-D
COMPANY RESULTING FROM INCREASE IN)
RATES BY THE SUPPLIERS)

O R D E R

On January 30, 1980, Columbia Gas Transmission Corporation (Transmission) filed with the Federal Energy Regulatory Commission (FERC) at Docket No. TA80-1-21 (PGA 80-2, IPR 80-2 & LFUT 80-1) revised tariff sheets to its FERC Gas Tariff, Original Volume No. 1. Columbia has placed an effective date of March 1, 1980, upon the effected tariff sheets. This Commission has no jurisdiction in that case.

On November 9, 1978, the President of the United States signed into law the Natural Gas Policy Act of 1978. which established significantly higher rates for producers of certain categories of natural gas. This federal legislation has resulted in higher gas costs to interstate pipeline companies serving the various gas consuming states, including Kentucky. Once the FERC approves the right of these interstate transmission companies to pass this increased cost on to its distribution company customers, state commissions must, in turn, allow intrastate distributors to pass their increased costs on to their customers by adjusting the basic rates.

On November 23, 1977, the Commission issued its Final Order in Case No. 6870 approving certain rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On February 12, 1980, the Applicant notified the Commission that its wholesale cost of gas would be increased by its supplier, Columbia Gas Transmission Corporation (Transmission), effective March 1, 1980, and submitted with its Notice certain information in compliance with this Commission's Order of November 23, 1977. The Notice set out certain revisions in rates which the Applicant proposed to place in effect, said rates being designed to increase

the cost of natural gas of its supplier in the amount of \$352,161.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds:

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the Federal Energy Regulatory Commission agency in approving these supplier increases. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

2. The Federal Energy Regulatory Commission approval of a wholesale rate increase to a Kentucky gas retailer requires approval by the Commission of rates that will permit the Kentucky utility to adjust its customer charges to reflect the added purchase cost, or alternately the utility must absorb the added cost. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unjust to the Company and would ultimately result in higher rates to their consumers in any event.

3. When the FERC "accepts" Transmission's filing and makes it effective, Transmission will begin charging the Applicant the new rates. This order cannot be implemented until and unless this occurs.

4. That the Applicant's supplier, Transmission on January 30, 1980, filed with the FERC for increased rates to become effective March 1, 1980, and that the increase sought by the Applicant reflects Transmission's rates as so filed.

5. That the Applicant's notice of February 12, 1980, failed to provide the twenty (20) days notice as required by Statute and, therefore, the rates should not become effective for service rendered before March 2, 1980.

6. That the Commission should allow the Applicant to place into effect, subject to refund, the rates set out in Appendix "A" as soon as the Columbia filing is made effective by FERC but not prior to March 2, 1980.

7. That the Applicant's adjustment in rates under the Purchased Gas Adjustment Clause approved by the Commission in its Order in Case No. 6870 dated November 23, 1977, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective but not prior to March 2, 1980.

IT IS THEREFORE ORDERED that said Purchased Gas Adjustment sought by the Applicant and adjusted as aforesaid mentioned be and the same is hereby approved, as set out in Appendix "A" attached hereto and made a part hereof, to be effective subject to refund, with gas supplied on and after the date the increased cost of wholesale gas becomes effective ("acceptance" by FERC) but not prior to March 2, 1980.

IT IS FURTHER ORDERED that Wiser Oil Company shall maintain its records in such manner as will enable it, or the Commission, or any of its customers to determine the amount to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the Purchased Gas Adjustment Clause of the Applicant the Base Rate for purchased gas shall be:

	<u>Demand</u>	<u>Commodity</u>
Columbia Gas Transmission Corporation	\$2.18 per MCF	\$2.4987

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on February 12, 1980, constitutes full compliance with the Commission's Order in Case No. 6870 and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within thirty (30) days after the date the increased cost of gas becomes effective, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 13th day of March, 1980.

ATTEST:

ENERGY REGULATORY COMMISSION


By the Commission

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 6870-D DATED MARCH 13, 1980.

The following rates are prescribed for the customers in the area served by the Wiser Oil Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

Rates: Monthly

<u>Wholesale Service</u>	<u>Per MCF</u>
Oneida Baptist Institute	\$1.858
Peoples Gas Company of Ky.	1.858
Delta Natural Gas Company	1.858