

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

PETITION OF COLUMBIA GAS OF KENTUCKY)
FOR AUTHORITY TO ADJUST RATES IN)
ACCORDANCE WITH THE PURCHASED GAS)
ADJUSTMENT PROCEDURE) CASE NO. 7273-L

O R D E R

On July 31, 1980, Columbia Gas Transmission Corporation (Transmission) filed with the Federal Energy Regulatory Commission (FERC) at Docket No. TA80-2-21 (PGA 80-4, IPR 80-3 & LFUT 80-2) revised tariff sheets to its FERC Gas Tariff, Original Volume No. 1. Columbia has placed an effective date of September 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 pass on the matter of intrastate distributors recovering their increased cost of gas by adjusting their basic rates to their customers.

On April 23, 1979, this Commission issued its Final Order in Case No. 7273, approving certain adjustments in the rates of Columbia Gas of Kentucky (Columbia) and providing under certain conditions for further adjustment of rates when the wholesale cost of gas is increased or decreased.

On August 11, 1980, the Applicant notified the Commission that its wholesale cost of gas would be increased by its suppliers, Columbia Gas Transmission Corporation (Transmission) and Columbia

LNG Corporation (LNG) effective September 1, 1980, and submitted with its Notice certain information in compliance with this Commission's Order of April 23, 1979.

The Notice set out certain revisions in rates which the Applicant proposed to place in effect, said rates being designed to pass on the wholesale purchase price from its supplier in the amount of \$756,000.

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 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 and LNG's filing, Transmission and LNG will begin charging the Applicant the new rates. This Order cannot be implemented until and unless this occurs.

4. That the Applicant's suppliers, Transmission and LNG has filed with the FERC for increased rates to become effective September 1, 1980.

5. That this increase reflects Transmission and LNG's rates as filed with FERC on July 31, 1980, and to be effective September 1, 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 Transmission and LNG's filing is "accepted" by FERC.

7. That the Applicant's adjustment in rates under the Purchased Gas Adjustment Clause approved by the Commission in its Order in Case No. 7273 dated April 23, 1979, 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.

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 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) as set out in Appendix "A" attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Columbia Gas of Kentucky 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 the information furnished this Commission by Applicant on August 11, 1980, constitutes full compliance with the Commission's Order in Case No. 7273 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 wholesale gas becomes effective, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 5th day of September, 1980.

ENERGY REGULATORY COMMISSION



For the Commission

ATTEST:

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 7273-L DATED SEPTEMBER 5, 1980.

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

<u>Rate Schedule G-1</u>	<u>Rate Per M.C.F.</u>
<u>Residential</u>	
First 1 MCF or less per month	\$4.635
Next 49 MCF per month	3.359
Next 50 MCF per month	3.309
Next 100 MCF per month	3.279
Next 800 MCF per month	3.249
Over 1,000 MCF per month	3.229
Minimum Monthly Charge	4.64
<u>Commercial and Industrial</u>	
First 1 MCF or less per month	\$4.860
Next 49 MCF per month	3.510
Next 50 MCF per month	3.460
Next 100 MCF per month	3.430
Next 800 MCF per month	3.400
Over 1,000 MCF per month	3.380
Minimum Monthly Charge	4.86
<u>Rate Schedule AC-1: (Canceled)</u>	
<u>Rate Schedule FC-1</u>	
<u>Firm</u>	
First 1,000 MCF per month	\$3.311
Over 1,000 MCF per month	3.261
<u>Curtable</u>	
All Volume	\$3.111
<u>Rate Schedule FI-1</u>	
<u>Firm</u>	
First 5,000 MCF per month	\$3.258
Over 5,000 MCF per month	3.228
<u>Interruptible</u>	
All Volume	\$3.048

Rate Schedule FI-2

Rate Per M.C.F.

Firm

First 50,000 MCF per month	\$3.157
Over 50,000 MCF per month	3.087

Interruptible

All Volume	\$2.997
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Rate Schedule IS-1

April through November

For all Volumes delivered each month up to and including average monthly Winter Volumes	\$3.457
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For all Volumes in excess of the average monthly Winter Volumes	\$3.057
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December through March

All MCF	\$3.457
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Rate Schedule IUS-1

All Volumes	\$3.102
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The base rates for the future application of the Purchased Gas Adjustment Clause are:

Columbia Gas Transmission Corporation

<u>Zone 1</u>	<u>Demand Per MCF</u>	<u>Commodity Per MCF</u>
Schedule CDS	\$2.12	240.27¢
Schedule WS		
Demand	\$0.72	
Winter Contract Quantity	2.15¢	
<u>Zone 3</u>		
Schedule CDS	\$2.12	240.27¢
Schedule WS		
Demand	\$0.72	
Winter Contract Quantity	2.15¢	
<u>All Zones</u>		
<u>Schedule SGES</u>		22.29¢

Columbia LNG Corporation

LNG, All Volumes	\$ 4.79
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