

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF)
KENTUCKY, INC., TO AMEND ITS)
TARIFF P.S.C. KY. NO. 4 AND TO) CASE NO. 7357
EXTEND THE PRIOR COMMISSION)
ORDER AUTHORIZING NEW AND)
INCREASED GAS SERVICE)

O R D E R

On April 23, 1981, Columbia Gas of Kentucky (Columbia) filed with the Commission an application for an order to extend the Commission's Order in Case No. 7357 authorizing new and increased gas service dated May 18, 1979.

On February 28, 1979, Columbia filed with the Commission its application for a termination of the restrictions and limitations on new and existing gas service that was imposed by Commission Order dated October 6, 1972, in Case No. 5647 and 5657-A. Hearings were held on this application on March 21, May 11 and 16, 1979. The Commission Order dated May 18, 1979, determined that, based upon the evidence of record, Columbia should be permitted to lift restrictions on new gas service and increase service to existing customers for a two year period. The Commission stated that the initial period would afford the Commission opportunity to "assess the changing energy picture" and determine whether a future extension is justified at the end of this (two year) period.

To facilitate its continuing review and assessment of the "changing energy picture" and to monitor the gas supply and requirements forecast contained in Columbia's filing and introduced as exhibits at the time of hearing, the Commission required Columbia to file quarterly status reports on customer requirements and semi-annual reports on gas supplies available. Pursuant to that Order, Columbia filed the requisite reports with the Commission. The quarterly requirements and semi-annual gas supply report filed by Columbia on December 10, 1980, attached hereto and made a part of this Order as Appendix "A", indicated that actual requirements were 2.9MMcf less than the estimated requirements set forth in Columbia Exhibit 2 filed on February 28, 1979, in this matter. Columbia's principal supplier, Columbia Gas Transmission Corporation (Transmission) has indicated that its present and future gas supplies are now and will be sufficient in the future to meet Columbia's present and projected gas requirements.

To facilitate the Commission's timely consideration of its application, Columbia obtained a preliminary annual gas balance forecast from its principal supplier, Transmission. This forecast is attached to Columbia's application filed April 23, 1981, as Exhibit 2. This estimate of gas requirements and supply is for the nine year period 1982 through 1990. It demonstrates that Transmission's gas balance has a substantial excess supply through 1984 with requirement and supply balances for the remaining periods. Columbia's

Exhibit 5 filed with the original application on February 28, 1979, projected gas supply excesses through 1981. Columbia's Exhibit 1 filed April 23, 1981, indicates that gas supply excesses will extend at least through 1984. However, efforts of the Commission staff to confirm absolute commitments for gas supply beyond 1984 have not met with willingness on the part of suppliers to present a totally positive position. Therefore, it is the opinion of this Commission that the conditions of the two year limitation on new and existing gas service imposed by Commission Order dated October 6, 1972, in Case No. 5657 and 5657-A should be extended for an additional four year period.

Since it is appropriate for the Commission to continue to "assess the changing energy picture", in view of the improving gas supply projections shown on Columbia Exhibit 1, it is the Commission's determination that the reporting provisions should be amended to require only an annual report for both gas requirements and supply. This reporting can be immediately subsequent to Transmission's annual gas balance report in compliance with the Stipulation and Agreement approved by the Federal Energy Regulatory Commission in Docket No. TC79-127 on or about June 15 of each year.

The two year limitation placed upon Columbia's right to extend service to new customers and to provide increased requirements of existing customers was also applicable to

the six intrastate utility customers served by Columbia. The Commission is of the opinion that the extension by four years of the two year limitation should therefore also apply to the service provided by these intrastate utilities.

IT IS THEREFORE ORDERED that the Commission's Order entered May 18, 1979, be and it is hereby amended to the extent that:

(1) Ordering section number two shall be amended to read:

"(2) That Columbia Gas of Kentucky, Inc., is hereby authorized to provide gas service to new residential, commercial and industrial customers and further, to provide gas service to meet increased requirements of existing commercial and industrial customers and that current restrictions on the provision of this service shall be terminated until June 15, 1985."

(2) Ordering section number eight shall be amended to read:

"(8) That Columbia Gas of Kentucky, Inc., shall submit the following status reports to the Commission:

(a) Annual report of gas service requirements and available supplies of Columbia Gas of Kentucky, Inc., and each operating company of the Columbia Gas System, Inc. The reports shall be

in the form set forth in Columbia Exhibit 5
filed as part of its application dated
February 8, 1979, and shall be filed with
the Commission by June 15 of each year.

(b) Columbia Gas of Kentucky, Inc., shall
immediately report to the Commission any factors
or events which would affect its ability to
meet service requirements."

(3) Ordering section nine shall be amended to
read:

"(9) That the intrastate wholesale utilities
supplied by Columbia Gas of Kentucky., Inc., shall terminate
restrictions on new service subject to the conditions herein
and that said restrictions shall be terminated until June 15,
1985."

IT IS FURTHER ORDERED that Columbia Gas of Kentucky,
Inc., shall file within 20 days from the date of this Order
its revised tariff consistent with the provisions herein.

IT IS FURTHER ORDERED that all other provisions of
the Commission's Order entered May 18, 1979, in this matter
shall remain in full force and effect.

Done at Frankfort, Kentucky, this 18th day of May, 1981.

PUBLIC SERVICE COMMISSION

Martin M. Webb
Chairman

Katherine Randall
Vice Chairman

Tom Hargrave
Commissioner

ATTEST:

Secretary