

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF PENDLETON)	CASE NO. 5988-AAA
COUNTY WATER DISTRICT, GAS)	
DIVISION)	

O R D E R

On March 29, 1974, the Commission issued its Order in Case No. 5988 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On September 29, 1982, Pendleton County Water District, Gas Division ("Pendleton") notified the Commission that its wholesale cost of gas would be increased by its supplier, Columbia Gas Transmission Corporation ("Transmission") effective October 1, 1982, and submitted with its notice certain information in compliance with this Commission's Order of March 29, 1974.

Pendleton's increase from Transmission is another one of those federally-mandated pass-throughs of higher gas prices in which upon the record this Commission has no discretion. Pendleton will not realize even one cent of profit but simply will turn over to its supplier the increased amount which it must collect from its consumers.

After reviewing the notice filed in this case and being advised, the Commission is of the opinion and finds that:

(1) Pendleton's notice of September 29, 1982, set out certain revisions in rates which Pendleton proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its supplier in the amount of \$14,917 or 5.15 cents per Mcf.

(2) The Public Service Commission is being asked to authorize a pass-through of a price increase already approved by the Federal Energy Regulatory Commission ("FERC"). Failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair and unjust to Pendleton and would ultimately result in higher rates to its consumers. The Commission has (in writing) indicated its opposition to the procedures and regulations used by FERC since 1975 to approve these supplier increases.

We are also actively presenting our views to FERC and to our Kentucky Congressional delegation concerning revisions to the Natural Gas Policy Act formulas allowing producers to so raise their prices and because of the action of FERC in allowing such increases to pass through to the transmission company and through it to the distributing company, in this case Pendleton, this Commission has no real authority in the matter. Under federal law and actions, this Commission serves merely as the conduit for the final pass-through of the increased cost of gas to the consumers when, as here, the distributing utility

makes no profit from the increased prices which it must pay for gas purchased from the transmission company.

(3) The proposed rates will allow Pendleton to recover only the increased cost of wholesale gas and will not permit it to make any profit in doing so. The magnitude of this filing exposes Pendleton to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

(4) Pendleton's notice of September 29, 1982, does not provide the Commission with the 20-day notice as required by statute; therefore, the proposed rates should become effective on and after October 19, 1982, subject to refund.

(5) Pendleton's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 5988 dated March 29, 1974, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after October 19, 1982, subject to refund.

IT IS THEREFORE ORDERED that the purchased gas adjustment sought by Pendleton be and it hereby is authorized to be effective with gas supplied on and after October 19, 1982, subject to refund.

IT IS FURTHER ORDERED that for the purpose of the future application of the purchased gas adjustment clause of Pendleton the base rate for purchased gas shall be:

	<u>Commodity</u>
Columbia Gas Transmission Corporation	
Schedule SGS	\$4.4937
Columbia LNG Corporation	5.9477*
*Includes Transportation Charge of	0.3377

Done at Frankfort, Kentucky, this 19th day of October,
1982.

Katherine Randall
For the Commission

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 5988-AAA DATED OCTOBER 19, 1982

The following rates are prescribed for the customers in the area served by Pendleton County Water District, Gas Division. 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

Rates per Unit

Residential:

First	1,000 cu. ft. (Minimum Bill)	\$6.43
Next	1,000 per hundred cu. ft.	0.5853
Next	4,000 per hundred cu. ft.	0.5600
Over	6,000 per hundred cu. ft.	0.5550

Commercial:

First	20,000 per hundred cu. ft.	\$0.5550
Next	10,000 per hundred cu. ft.	0.5500
Next	10,000 per hundred cu. ft.	0.5450
Next	10,000 per hundred cu. ft.	0.5400
Over	50,000 per hundred cu. ft.	0.5350
Minimum Bill \$6.98 per hundred		

Industrial:

All gas per Mcf	\$5.309
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Special Contracts:

Interruptible Service:

Griffin Industries, Inc., per Mcf	\$4.8395
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Firm Gas Service:

MAGO Construction Co., Inc., per Mcf	\$5.0525
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