

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS )  
ADJUSTMENT FILING OF PENDLETON ) CASE NO. 5988-YY  
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 August 9, 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 September 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 amounts which it must collect from its consumers.

The estimated net increase in revenue as a result of Pendleton's filing of August 9, 1982, is \$219,280 or \$0.7602 per Mcf.

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

(1) 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 Western Lewis 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 of 1978, which allows gas suppliers to raise their gas prices without regard to costs. Because of 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.

(2) Pendleton's supplier, Transmission, has filed with FERC for increased rates to become effective September 1, 1982.

(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) The Commission should waive its policy of requiring evidence of FERC acceptance in this case and allow Pendleton to place into effect, subject to refund, the rates in Appendix A.

(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 September 1, 1982, subject to refund.

IT IS THEREFORE ORDERED that the purchased gas adjustment sought by Pendleton be and hereby is authorized to be effective with gas supplied on and after September 1, 1982, subject to refund.

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

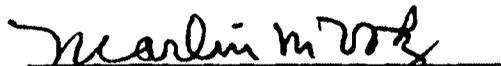
	<u>Commodity</u>
Columbia Gas Transmission Corporation	
Schedule SGS	\$ 4.5598

IT IS FURTHER ORDERED that within 30 days after the date of this Order, Pendleton shall file with this Commission its revised tariff sheets setting out the rates authorized herein.

IT IS FURTHER ORDERED that the information furnished this Commission by Pendleton on August 9, 1982, constitutes full compliance with the Commission's requirement and Order in Case No. 5988.

Done at Frankfort, Kentucky, this 2nd day of September, 1982.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 5988-YY DATED  
SEPTEMBER 2, 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.

<u>RATES:</u> Monthly	<u>Rates per Unit</u>
<u>Residential:</u>	
First 1,000 cu. ft. (Minimum Bill)	\$6.50
Next 1,000 per hundred cu. ft.	0.5918
Next 4,000 per hundred cu. ft.	0.5665
Over 6,000 per hundred cu. ft.	0.5615
<u>Commercial:</u>	
First 20,000 cu. ft. per hundred	\$0.5615
Next 10,000 cu. ft. per hundred	0.5565
Next 10,000 cu. ft. hundred	0.5515
Next 10,000 cu. ft. hundred	0.5465
Over 50,000 cu. ft. per hundred	0.5415
Minimum Bill \$7.05 per hundred	
<u>Industrial:</u>	
All gas per Mcf	\$5.3741
<u>Special Contracts:</u>	
<u>Interruptible Service:</u>	
Griffin Industries, Inc., Per Mcf	\$4.9051
<u>Firm Gas Service:</u>	
MAGO Construction Co., Inc., Per Mcf	\$5.118