

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF MT. OLIVET) CASE NO. 7800-G
NATURAL GAS COMPANY, INC.)

O R D E R

On December 1, 1981, Columbia Gas Transmission Corporation ("Transmission") filed with the Federal Energy Regulatory Commission ("FERC") revised tariff sheets to its FERC Gas Tariff, Original Volume No. 1. Transmission has placed an effective date of January 1, 1982, upon the effected tariff sheets. This Commission has no jurisdiction in that case.

On November 9, 1978, the Natural Gas Policy Act of 1978, was signed into law, 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 intrastate distributors recovering their increased cost of gas by adjusting their basic rates to their customers.

On October 13, 1980, the Commission issued its Order in Case No. 7800 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 December 8, 1981, Mt. Olivet Natural Gas Company, Inc. ("Mt. Olivet") notified the Commission that its wholesale cost of gas would be increased by its supplier, Transmission, effective January 1, 1982, and submitted with its notice certain information in compliance with this Commission's Order of October 13, 1980. The notice set out certain revisions in rates which Mt. Olivet proposed to place in effect, said rates being designed to increase the cost of natural gas of its supplier in the amount of \$4,988.

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

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the FERC 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 FERC 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, Transmission will begin charging Mt. Olivet the new rates. This Order cannot be implemented until and unless this occurs.

4. Mt. Olivet's supplier, Transmission, has filed with the FERC for increased rates to become effective January 1, 1982.

5. This increase reflects Transmission's rates as filed with FERC on December 1, 1981, to be effective January 1, 1982.

6. The Commission should allow Mt. Olivet to place into effect, subject to refund, the rates set out in Appendix A as soon as Transmission's filing is "accepted" by FERC but not prior to January 1, 1982.

7. Mt. Olivet's adjustment in rates under the purchased gas adjustment clause approved by the Commission in its Order in Case No. 7800 dated October 13, 1980, 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 Mt. Olivet and adjusted as previously mentioned be and 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 Mt. Olivet 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 Mt. Olivet the base rate for purchased gas shall be:

	<u>Demand</u>	<u>Commodity</u>
Columbia Gas Transmission Corporation	-	\$3.5666
Columbia LNG Corporation	-	6.00*
*Includes Transportation Charge of	\$.3503	

IT IS FURTHER ORDERED that the information furnished this Commission by Mt. Olivet on December 8, 1981, constitutes full compliance with the Commission's Order in Case No. 7800 and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

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

Done at Frankfort, Kentucky, this 5th day of January, 1982.

PUBLIC SERVICE COMMISSION

Wesley M. Voh
For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 7800-G DATED
JANUARY 5, 1982

The following rates are prescribed for the customers in the area served by Mt. Olivet Natural Gas Company, Inc. 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

First	1,000 cu. ft. or less	\$6.83 (Minimum)
Next	4,000 cu. ft. 1,000 cu. ft.	5.0912
Next	5,000 cu. ft. 1,000 cu. ft.	4.8912
Next	10,000 cu. ft. 1,000 cu. ft.	4.7412
Over	20,000 cu. ft. 1,000 cu. ft.	4.5412