

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE 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. 8281-A

O R D E R

On December 1, 1981, Colubmia Gas Transmission Corporation ("Transmission") filed with the Federal Energy Regulatory Commission ("FERC") a rate increase proposed to be effective January 1, 1982. The Commission has no jurisdiction in that case.

On November 9, 1981, 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 of intrastate distributors recovering their increased cost of gas by adjusting their basic rates to their customers.

On December 30, 1981, this Commission issued its Order in Case No. 8281, approving certain adjustments in the rates of Columbia Gas of Kentucky, Inc., ("Columbia") and providing under certain conditions for further adjustment of rates when the wholesale cost of gas is increased or decreased.

On December 9, 1981, Columbia 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 its purchased gas adjustment clause on file with this Commission.

The purpose of this filing is to track the increased cost of gas purchased that Columbia will incur from its supplier, Transmission, commencing January 1, 1982. The increase in Transmission's rate is due to a general rate increase filed by Transmission of Docket No. RP81-83, to become effective August 1, 1981, which was suspended by the FERC until January 1, 1982.

The notice set out certain revisions in rates which Columbia proposed to place in effect, said rates being designed to pass on the wholesale price from its supplier in the amount of \$3,407,000 or \$.116 per thousand cubic feet.

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

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 its consumers in any event.

3. When the FERC "accepts" Transmission's filing, Transmission will begin charging Columbia the new rates. This Order cannot be implemented until and unless this occurs.

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

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

6. Columbia's adjustment in rates under the purchased gas adjustment clause approved by the Commission in its Order Case No. 8281 dated December 30, 1981, 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, but not prior to January 1, 1982.

IT IS THEREFORE ORDERED that the purchased gas adjustment contained in Appendix A of this Order be and hereby is approved, effective on and after the date the increase in the cost of wholesale gas requested by Transmission is accepted by FERC but not prior to January 1, 1982.



APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 8281-A DATED  
JANUARY 4, 1982

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

Rate Schedule GS

Rate per Mcf

Residential

|       |                         |         |
|-------|-------------------------|---------|
| First | 1 Mcf or less per month | \$6.170 |
| Next  | 49 Mcf per month        | 4.894   |
| Next  | 50 Mcf per month        | 4.844   |
| Next  | 100 Mcf per month       | 4.814   |
| Next  | 800 Mcf per month       | 4.784   |
| Over  | 1,000 Mcf per month     | 4.764   |
|       | Minimum Monthly Charge  | 6.17    |

Commercial and Industrial

|       |                         |         |
|-------|-------------------------|---------|
| First | 1 Mcf or less per month | \$6.395 |
| Next  | 49 Mcf per month        | 5.045   |
| Next  | 50 Mcf per month        | 4.995   |
| Next  | 100 Mcf per month       | 4.965   |
| Next  | 800 Mcf per month       | 4.935   |
| Over  | 1,000 Mcf per month     | 4.915   |
|       | Minimum Monthly Charge  | 6.40    |

Rate Schedule Ac-1: (Canceled)

Rate Schedule FC-1

Firm

|       |                     |         |
|-------|---------------------|---------|
| First | 1,000 Mcf per month | \$4.846 |
| Over  | 1,000 Mcf per month | 4.796   |

Rate Schedule (Con'd)

Rate per Mcf (Con'd)

Curtaillable

All Volume

\$4.646

Rate Schedule FI-1

Firm

First 5,000 Mcf per month  
Over 5,000 Mcf per month

\$4.793  
4.763

Interruptible

All Volume

\$4.583

Rate Schedule FI-2

Firm

First 50,000 Mcf per month  
Over 50,000 Mcf per month

\$4.693  
4.623

Interruptible

All Volume

\$4.533

Rate Schedule IS-I

April through November

For all Volumes delivered each month  
up to and including average monthly  
Winter Volumes

\$4.995

For all Volumes in excess of the  
average monthly Winter Volumes

\$4.595

December through March

All Mcf

\$4.995

Rate Schedule IUS-1

All Volumes

\$4.628

The base rates for the future application of the purchased  
gas adjustment clause are:

Columbia Gas Transmission Corporation

Zone 1 - Rate per Dth

|                          | <u>Demand</u> | <u>Commodity</u> |
|--------------------------|---------------|------------------|
| Schedule CDS             | \$2.62        | 338.86¢          |
| Schedule WS              |               |                  |
| Demand                   | \$1.22        |                  |
| Winter Contract Quantity | .92¢          |                  |

Zone 3 - Rate per Dth

|                          |        |         |
|--------------------------|--------|---------|
| Schedule CDS             | \$2.62 | 339.43¢ |
| Schedule WS              |        |         |
| Demand                   | \$1.22 |         |
| Winter Contract Quantity | .92¢   |         |

Columbia LNG Corporation

|                               |          |
|-------------------------------|----------|
| LNG - Rate per Mcf            | \$ 5.105 |
| Transportation - Rate per Dth |          |
| Zone No. 1                    | 35.03¢   |
| Zone No. 3                    | 35.03¢   |

Columbia Gas Transmission Corporation

Crawford Storage Service

|                              | <u>Rate per Dth</u> |
|------------------------------|---------------------|
| Storage Service Quantity     | 5.10¢               |
| Quantity Injected            | .32¢                |
| Quantity Withdrawn           | .32¢                |
| Quantity Transportation      | 19.38¢              |
| Fuel and Gas Lost Percentage | 2.56%               |