

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) CASE NO. 8281-C
WITH THE PURCHASED GAS)
ADJUSTMENT PROCEDURE)

O R D E R

On January 29, 1982, Columbia Gas Transmission Corporation ("Transmission") filed with the Federal Energy Regulatory Commission ("FERC") a rate increase proposed to be effective March 4, 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 February 5, 1982, Columbia notified the Commission that its wholesale cost of gas would be increased by its supplier, Transmission, effective March 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 increased costs of gas purchased that Columbia will incur commencing March 1, 1982, due to an increase in the rates of its supplier, Transmission.

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 \$7,454,000 or 25.9 cents per thousand cubic feet.

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 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 March 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 March 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 March 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 March 1, 1982.

IT IS FURTHER ORDERED that the rates contained in Appendix A shall be placed into effect, subject to refund, pending final determination by FERC of the rates contained in Transmission's January 29, 1982, filing in Docket No. TA82-1-21 (PGA 82-1, IPR82-1 and AD82-1).

IT IS FURTHER ORDERED that the information furnished this Commission by Columbia on February 5, 1982, constitutes full compliance with the Commission's Order in Case No. 8281 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, Columbia shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 24th day of February, 1982.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8281-C DATED
FEBRUARY 24, 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	\$6.429
Next	49 Mcf per month	5.153
Next	50 Mcf per month	5.103
Next	100 Mcf per month	5.073
Next	800 Mcf per month	5.043
Over	1,000 Mcf per month	5.023
	Minimum Monthly Charge	6.43

Commercial and Industrial

First	1 Mcf or less per month	\$6.654
Next	49 Mcf per month	5.304
Next	50 Mcf per month	5.254
Next	100 Mcf per month	5.224
Next	800 Mcf per month	5.194
Over	1,000 Mcf per month	5.174
	Minimum Monthly Charge	6.65

Rate Schedule Ac-1: (Canceled)

Rate Schedule FC-1

Firm

First	1,000 Mcf per month	\$5.105
Over	1,000 Mcf per month	5.055

<u>Rate Schedule</u> (Con'd)	<u>Rate per Mcf</u> (Con'd)
<u>Curtaillable</u>	
All Volume	\$4.905
<u>Rate Schedule FI-1</u>	
<u>Firm</u>	
First 5,000 Mcf per month	\$5.052
Over 5,000 Mcf per month	\$5.022
<u>Interruptible</u>	
All Volume	\$4.842
<u>Rate Schedule FI-2</u>	
<u>Firm</u>	
First 50,000 Mcf per month	\$4.952
Over 50,000 Mcf per month	\$4.882
<u>Interruptible</u>	
All Volume	\$4.792
<u>Rate Schedule IS-1</u>	
<u>April through November</u>	
For all Volumes delivered each month up to and including average monthly Winter Volumes	\$5.254
For all Volumes in excess of the average monthly Winter Volumes	\$4.854
<u>December through March</u>	
All Mcf	\$5.254
<u>Rate Schedule IUS-1</u>	
All Volumes	\$4.887

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	\$3.09	\$362.89¢
Schedule WS		
Demand		
Winter Contract Quantity	\$1.22 92¢	

Zone 3 - Rate per Dth

Schedule CDS	\$3.09	\$362.89¢
Schedule WS		
Demand		
Winter Contract Quantity	\$1.22 .92¢	

Columbia LNG Corporation

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