

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-H
WITH THE PURCHASED GAS)	
ADJUSTMENT PROCEDURE)	

O R D E R

On July 30, 1982, Columbia Gas Transmission Corporation ("Transmission") filed with the Federal Energy Regulatory Commission ("FERC") a rate increase proposed to be effective September 1, 1982. The Commission has no jurisdiction in that case.

This is another one of those federally-mandated pass-throughs of higher gas prices in which upon the record this Commission has no discretion. Columbia Gas of Kentucky, Inc. ("Columbia") will not realize even one cent of profit but simply will turn over to its supplier, Transmission, the increased amounts which it must collect from its consumers.

On December 30, 1981, this Commission issued its Order in Case No. 8281, approving certain adjustments in the rates of Columbia and providing under certain condition for further adjustments of rates when the wholesale cost of gas is increased or decreased.

On August 11, 1982, Columbia notified the Commission that its wholesale cost of gas would be increased by its supplier, Transmission, effective September 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 September 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 \$20,100,000 or 74.2 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 Public Service Commission is being asked to authorize a pass-through of a price increase already approved by FERC. Failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair and unjust to Columbia 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 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 Columbia, 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) Columbia's supplier, Transmission, has filed with FERC for increased rates to become effective September 1, 1982.

(3) The Commission should allow Columbia to place into effect, subject to refund, the rates in Appendix A on and after September 1, 1982.

(4) The proposed rate will allow Columbia 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 Columbia to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

(5) 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 subject to refund with gas supplied on and after September 1, 1982.

IT IS THEREFORE ORDERED that the purchased gas adjustment contained in Appendix A of this Order be and hereby is authorized, subject to refund effective on and after September 1, 1982.

IT IS FURTHER ORDERED that Columbia shall maintain its records in such manner as will enable it, any of its customers, or the Commission 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 the information furnished this Commission by Columbia on August 11, 1982, constitutes full compliance with the Commission's Order in Case No. 8281.

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 9th day of September, 1982.

PUBLIC SERVICE COMMISSION


By the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8281-H DATED SEPTEMBER 9, 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	\$7.155
Next	49 Mcf per month	5.879
Next	50 Mcf per month	5.829
Next	100 Mcf per month	5.799
Next	800 Mcf per month	5.769
Over	1,000 Mcf per month	5.749
	Minimum Monthly Charge	7.15

Commercial and Industrial

First	1 Mcf or less per month	\$7.380
Next	49 Mcf per month	6.030
Next	50 Mcf per month	5.980
Next	100 Mcf per month	5.950
Next	800 Mcf per month	5.920
Over	1,000 Mcf per month	5.900
	Minimum Monthly Charge	7.38

Rate Schedule Ac-1: (Canceled)

Rate Schedule FC-1

Firm

First	1,000 Mcf per month	\$5.831
Over	1,000 Mcf per month	5.781

Rate Schedule (Con'd)

Rate per Mcf (Con'd)

Curtaillable

All Volume

\$5.631

Rate Schedule FI-1

Firm

First 5,000 Mcf per month

\$5.778

Over 5,000 Mcf per month

5.748

Interruptible

All Volume

\$5.568

Rate Schedule FI-2

Firm

First 50,000 Mcf per month

\$5.678

Over 50,000 Mcf per month

5.608

Interruptible

All Volume

\$5.518

Rate Schedule IS-1

April through November

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

\$5.980

For all Volumes in excess of the
average monthly Winter Volumes

\$5.580

December through March

All Mcf

\$5.980

Rate Schedule IUS-1

All Volumes

\$5.613

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

Columbia Gas Transmission Corporation

Zone No. 1 and Zone No. 3
Rate per DTH

	<u>Demand</u>	<u>Commodity</u>
Schedule CDS	\$3.68	\$429.44¢
Schedule WS		
Demand		
Winter Contract Quantity	\$1.17 88¢	

Columbia LNG Corporation

LNG - Rate per Mcf

Transportation - Rate per Dth

Zone No. 1 and Zone No. 3

\$ 5.610

33.77¢