

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                             |   |                 |
|-----------------------------|---|-----------------|
| PETITION OF COLUMBIA GAS OF | ) |                 |
| KENTUCKY FOR AUTHORITY TO   | ) |                 |
| ADJUST RATES IN ACCORDANCE  | ) | CASE NO. 8281-J |
| WITH THE PURCHASED GAS      | ) |                 |
| ADJUSTMENT PROCEDURE        | ) |                 |

O R D E R

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

On October 6, 1982, Columbia Gas of Kentucky, Inc. ("Columbia"), notified the Commission that its wholesale cost of gas would be increased by its supplier, Columbia Gas Transmission Corporation ("Transmission") effective October 1, 1982, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

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 will not realize even one cent of profit but simply will turn over to its supplier,

Transmission, the increased amount which it must collect from its consumers.

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

(1) Columbia's notice of October 6, 1982, set out certain revisions in rates which Columbia proposed to place into effect, said rates being designed to pass on the whole-sale increase in price from its supplier in the amount of \$1,383,900 or 5.1 cents per Mcf.

(2) 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 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 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.

(3) The proposed rates 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.

(4) Columbia's notice of October 6, 1982, does not provide the Commission with the 20-day notice as required by statute; therefore, the proposed rates should become effective on and after October 26, 1982, subject to refund.

(5) Columbia's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in 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 October 26, 1982, subject to refund.

IT IS THEREFORE ORDERED that the purchased gas adjustment sought by Columbia be and it hereby is authorized to be effective with gas supplied on and after October 26, 1982, subject to refund.

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 within 30 days after the date of this Order Columbia shall file with this Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 26th day of October, 1982.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

\_\_\_\_\_  
Secretary

## APPENDIX A

### APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8281-J DATED OCTOBER 26, 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 | \$7.113 |
| Next  | 49 Mcf per month        | 5.837   |
| Next  | 50 Mcf per month        | 5.789   |
| Next  | 100 Mcf per month       | 5.757   |
| Next  | 800 Mcf per month       | 5.727   |
| Over  | 1,000 Mcf per month     | 5.709   |
|       | Minimum Monthly Charge  | 7.11    |

##### Commercial and Industrial

|       |                         |         |
|-------|-------------------------|---------|
| First | 1 Mcf or less per month | \$7.338 |
| Next  | 49 Mcf per month        | 5.988   |
| Next  | 50 Mcf per month        | 5.938   |
| Next  | 100 Mcf per month       | 5.908   |
| Next  | 800 Mcf per month       | 5.878   |
| Over  | 1,000 Mcf per month     | 5.858   |
|       | Minimum Monthly Charge  | 7.34    |

##### Rate Schedule Ac-1: (Cancelled)

##### Rate Schedule FC-1

##### Firm

|       |                     |         |
|-------|---------------------|---------|
| First | 1,000 Mcf per month | \$5.789 |
| Over  | 1,000 Mcf per month | 5.739   |

Rate Schedule (Continued)

Rate per Mcf

Curtailable

All Volume

\$5.589

Rate Schedule FI-I

Firm

First 5,000 Mcf per month

\$5.736

Over 5,000 Mcf per month

5.706

Interruptible

All Volume

\$5.526

Rate Schedule FI-2

Firm

First 50,000 Mcf per month

\$5.636

Over 50,000 Mcf per month

5.566

Interruptible

All Volume

\$5.476

Rate Schedule IS-I

April through November

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

\$5.938

For all Volumes in excess of the  
average monthly Winter Volumes

5.538

December through March

All Mcf

\$5.938

Rate Schedule IUS-1

All Volumes

\$5.571

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

Columbia Gas Transmission Corporation

Zone 1 and Zone 3 Rate per DTH

|                          | <u>Demand</u> | <u>Commodity</u> |
|--------------------------|---------------|------------------|
| Schedule CDS             | \$3.43        | 426.82¢          |
| Schedule WS              |               |                  |
| Demand                   | \$1.17        |                  |
| Winter Contract Quantity | .88¢          |                  |

Columbia LNG Corporation

|                               |          |
|-------------------------------|----------|
| LNG - Rate per Mcf            | \$ 5.610 |
| Transportation - Rate per Dth |          |
| Zone 1 and Zone 3             | 33.77¢   |