

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS            )  
ADJUSTMENT FILING OF COLUMBIA        ) CASE NO. 8738-H  
GAS OF KENTUCKY, INC.                    )

O R D E R

On July 5, 1983, the Commission issued its Order in Case No. 8738 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 or a refund is received.

On March 9, 1984, Columbia Gas of Kentucky, Inc., ("Columbia") notified the Commission that its wholesale cost of gas would be decreased due to the expiration of its contract with Columbia LNG Corporation ("LNG"), effective April 1, 1984, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission. On March 29, 1984, Columbia revised its filing to reflect a further decrease as the result of a new purchase agreement with LNG.

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

(1) Columbia's contract with LNG to purchase synthetic gas from LNG's Green Springs, Ohio plant expired March 31, 1984. On

March 9, 1984, Columbia notified the Commission that it planned to increase the volumes it purchased from Columbia Gas Transmission Corporation ("Transmission") to replace the volumes formerly purchased from LNG.

(2) On March 29, 1984, Columbia revised its notice of March 9, 1984, to give effect to a new contract with LNG to purchase synthetic gas for a primary term of 18 months. Columbia will purchase this gas at a rate 5 cents below Transmission's commodity rate. The contract provides for an additional monthly credit to the purchase rate to insure that the incremental cost savings that would have been realized if Columbia had purchased equivalent quantities of gas from Transmission are made directly available to Columbia's customers. LNG has reserved the authority to market its volumes to other sources if a purchaser can be located on more favorable terms.

(3) In order to give an immediate benefit of reduced gas cost to its customers, Columbia has projected volumes to be purchased from LNG. Columbia should maintain adequate records to determine the accuracy of its projected LNG purchases and related cost. If actual purchases differ from projected to any major extent, Columbia should report the resulting amount to the Commission to net with a future refund.

(4) Columbia's revised notice of March 29, 1984, set out certain revisions in rates which Columbia proposed to place into effect, said rates being designed to pass on the wholesale decrease in gas cost in the amount of \$4,945,538 or 21.1 cents per Mcf.

(5) Columbia's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8738 dated July 5, 1983, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after April 1, 1984.

(6) The Commission is concerned about Columbia's renewal of an agreement with LNG and will initiate an investigation to determine the reasonableness of the LNG contract and the extent to which any payments will be allowed for ratemaking.


IT IS THEREFORE ORDERED that the rates in the appendix to this Order be and they hereby are authorized effective with gas supplied on and after April 1, 1984.


IT IS FURTHER ORDERED that Columbia shall maintain sufficient records to determine the accuracy of its projected LNG purchases and cost incurred. The amount resulting from any significant difference in actual and projected purchases shall be reported to the Commission to net with a future refund. Future filings of Columbia shall contain a reconciliation of projected and actual purchases.


IT IS FURTHER ORDERED that within 30 days of the date of this Order Columbia shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 17th day of April, 1984.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

\_\_\_\_\_  
Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 8738-H DATED April 17, 1984.

The following rates and charges are prescribed for the customers 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 this Commission prior to the date of this Order.

GENERAL SERVICE RATE SCHEDULE - GS Residential

Commodity Charge:

First 50 Mcf per month @ \$5.595 per Mcf  
All Over 50 Mcf per month @ \$5.411 per Mcf

GENERAL SERVICE RATE SCHEDULE - GS-Commercial and Industrial

Commodity Charge:

First 200 Mcf per month @ \$5.827 per Mcf  
All Over 200 Mcf per month @ \$5.680 per Mcf

RATE SCHEDULE FC-1

FIRM AND CURTAILABLE GAS SERVICE - OPTIONAL

Firm Volume (Daily Firm Volume Times Number of Days  
in Month)

First 1,000 Mcf per month @ \$5.748 per Mcf  
Over 1,000 Mcf per month @ \$5.698 per Mcf

Curtable Volume

\$5.549 per Mcf of Curtable Volume of gas  
delivered hereunder each billing month.

AVAILABILITY OF EXCESS GAS

In the event Buyer shall desire to purchase on any day gas in excess of Buyer's specified Maximum Daily Volume, Buyer shall inform the Seller and if the Seller is able to provide such excess gas required by Buyer from its operations, Seller shall make such excess gas available at the rate of \$5.549 per Mcf.

If such excess gas cannot be made available to Buyer from Seller's own operations, Seller may comply with such request to the extent that excess gas is temporarily available from Seller's gas supplier, in order to provide gas which otherwise would not be available. Such excess volume taken shall be paid for at the rate of \$4.87 per Mcf.

On any day when Buyer has been notified to curtail deliveries, Buyer may request excess gas and to the extent such excess gas can be obtained from Seller's supplier, Buyer shall pay Seller at the rate of \$4.87 per Mcf for all such volumes taken which would otherwise not be available.

RATE SCHEDULE FI-1  
FIRM AND INTERRUPTIBLE GAS SERVICE - OPTIONAL

Daily Firm Volume

First 5,000 Mcf per month @ \$5.673 per Mcf  
Over 5,000 Mcf per month @ \$5.642 per Mcf

Daily Interruptible Volume

\$5.462 per Mcf of Daily Interruptible Volume of gas delivered hereunder each billing month.

AVAILABILITY OF EXCESS GAS

In the event Buyer shall desire to purchase on any day gas in excess of Buyer's specified Maximum Daily Volume, Buyer shall inform the Seller and if the Seller is able to provide such excess gas required by Buyer from its operations, Seller shall make such excess gas available at the rate of \$5.462 per Mcf.

If such excess gas cannot be made available to Buyer from Seller's own operations, Seller may comply with such request to the extent that excess gas is temporarily available from Seller's gas supplier, in order to provide gas which otherwise would not be available. Such excess volume taken shall be paid for at the rate of \$4.87 per Mcf.

On any day when Buyer has been notified to curtail deliveries, Buyer may request excess gas and to the extent such excess gas can be obtained from Seller's supplier, Buyer shall pay Seller at the rate of \$4.87 per Mcf for all such volumes taken which would otherwise not be available.

**RATE SCHEDULE IS-1**  
**INTERRUPTIBLE GAS SERVICE - OPTIONAL**

**Billing Months April Through November**

\$5.846 per Mcf for all volumes delivered each month up to and including the Average Monthly Winter Volume. The Average Monthly Winter Volume shall be one-fourth of the total delivery during the preceding billing months of December through March.

\$5.446 per Mcf for all volumes delivered each month in excess of the Average Monthly Winter Volume.

**Billing Months December Through March**

\$5.846 per Mcf delivered.

**RATE SCHEDULE IUS-1**  
**INTRASTATE UTILITY SERVICE**

For all gas delivered each month \$5.480 per Mcf.

**MINIMUM MONTHLY CHARGE**

The maximum Daily Volume specified in the Sales Agreement multiplied by \$5.480 per Mcf.

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

**Columbia Gas Transmission Corporation**

<u>Zone 1 and Zone 3 rate per DTH</u>	<u>Demand</u>	<u>Commodity</u>
Schedule CDS	\$ 4.69	416.07¢
Schedule WS		
Demand	\$ 1.39	
Winter Contract Quantity	2.44¢	

**Columbia LNG Corporation**

LNG - Rate per DTH \$ 4.1107

**Inland Gas Company**

All Purchases - Rate per Mcf \$ 3.4221