

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF)
KENTUCKY, INC., FOR APPROVAL OF) CASE NO. 9038
GAS PURCHASES UNDER A SPECIAL)
EMERGENCY ASSISTANCE PROGRAM)

O R D E R

On April 16, 1984, Columbia Gas of Kentucky, Inc., ("Columbia") filed with this Commission an application for approval of a special natural gas purchase from Citizens Energy Corporation ("Citizens") for use in a Special Emergency Assistance Program ("Program"). On June 28, 1984, the Commission issued its Order approving gas purchases under the Program. On October 30, 1987, Columbia filed an application to continue the Program through the winter of 1987 under contractual terms and conditions similar to those previously approved by the Commission. Columbia included with its application a report summarizing data for the 1986-87 Program year ending July 31, 1987.

The contract between Columbia and Citizens dated October 27, 1987, contained several changes from the contract previously in effect. These changes include deleting a section which released Columbia from an obligation to buy any gas with a purchase price that did not result in monies being applied to the Emergency Fund; establishment of an agency agreement between Columbia and Citizens; decreasing the targeted fund level; adding a section

providing for gas purchases and price of purchases during periods of regulatory lag, with purchases beginning in the summer instead of the fall; deleting Columbia's obligation to inform Citizens of lower cost gas; and deleting several measurement requirements. The Commission staff has held several conversations with members of Columbia's staff who were involved in contract negotiations with Citizens and who were able to explain the contract changes. The staff heard Columbia's explanations and received its assurances that no contract change proposed in this filing will have a detrimental effect on any of Columbia's ratepayers, including those receiving assistance under this program.

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

1. According to the summary data provided by Columbia, the Program distributed \$194,467 to more than 1,000 households during the 12 months ended August 1987. In order to continue assistance to these needy households the Program should be extended, with the associated gas costs recovered through the purchased gas adjustment mechanism.

2. Columbia should file the data similar to that summarized in this application upon completion of each Program year ending July 31, 1988 and 1989, along with any further contract changes.

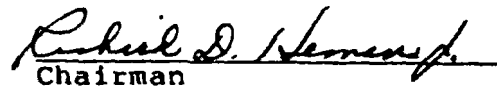
IT IS THEREFORE ORDERED that:

1. The Emergency Fuel Assistance Program has proven itself to be effective in assisting low-income households in retaining their utility service and is hereby extended.

2. Columbia shall file data concerning gas purchases, funds generated and disbursed and a summary of Program effectiveness upon the completion of Program years ending July 31, 1988 and 1989.

Done at Frankfort, Kentucky, this 19th day of January, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director