

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COLUMBIA GAS OF KENTUCKY, INC.'S,     )  
TARIFF FILING TO MODIFY ITS         )  
SPECIAL AGENCY SERVICE             )     CASE NO. 10111

O R D E R

On March 24, 1988, Columbia Gas of Kentucky, Inc., ("Columbia") filed an Application for Rehearing or Reconsideration of the Commission's March 4, 1988, Order. In that Order, the Commission approved Columbia's proposal to implement multiple tier pricing under its Special Agency Service ("SAS") schedule. The Commission also placed restrictions on the multiple tier pricing.

Columbia contends that the pricing restrictions will significantly limit the efficacy of the SAS program. Columbia maintains that the fundamental purpose of the SAS schedule is to retain load that would otherwise not be served and that the pricing restrictions make it far more likely that loads will be lost to No. 6 fuel oil. Columbia requests that the Commission eliminate the pricing restrictions, or as an alternative, return to the use of a single average cost of gas in SAS pricing.

In its March 4, 1988, Order, the Commission expressed its concern that any price reduction to retain individual customers

not be so great as to eliminate the benefit of retaining the load to system ratepayers. The Commission also required Columbia to file a summary report of the operation of the SAS schedule and its interaction with Columbia's other flexible rate tariffs.

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

1. Reconsideration of the March 4, 1988, Order should be granted to allow Columbia to address the Commission's concerns about multiple tier pricing for the SAS schedule as proposed by Columbia. The Commission is especially interested in information demonstrating that SAS sales to No. 6 fuel oil customers at less than the marginal cost of gas are in the best interest of other ratepayers.

2. Reconsideration should also allow for the review of Columbia's summary report on the operation of the SAS schedule.

IT IS THEREFORE ORDERED that:

1. Columbia's request for reconsideration of the Commission's March 4, 1988, Order be and it hereby is granted.

2. Within 30 days of the date of this Order Columbia shall file a written report to support its proposal and to address the Commission's specified concerns.

Done at Frankfort, Kentucky, this 13th day of April, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Hemmick  
Chairman

Robert M. Davis  
Vice Chairman

Gene W. Miller  
Commissioner

ATTEST:

Executive Director