

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COLUMBIA) CASE NO. 10201-A
GAS OF KENTUCKY, INC.)

O R D E R

On October 21, 1988, the Commission issued its Order in Case No. 10201 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 January 30, 1989, Columbia Gas of Kentucky, Inc. ("Columbia") filed its revised semi-annual gas cost adjustment ("GCA"), which is to become effective March 1, 1989.

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

1. Columbia's notice of January 30, 1989 set out certain revisions in rates, which Columbia proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its suppliers in the amount of \$1,009,968.

2. Columbia's notice set out a Special Agency Service ("SAS") refund adjustment of .1 cent per Mcf. This adjustment returns a portion of Columbia's SAS revenues to its customers.

3. Columbia's notice set out a total supplier refund adjustment of 1.27 cents per Mcf, which is composed of a remaining refund of .79 cents from a previous adjustment and a current adjustment of .48 cents per Mcf.

4. Columbia's notice set out an actual cost adjustment of 5.2 cents per Mcf to return previous overcollections to its customers.

5. Columbia's notice set out a balancing adjustment in the amount of 1.15 cents per Mcf to reconcile previous balancing and actual adjustments.

6. Columbia's notice set out a fixed charge recovery rate of 2.03 cents per Mcf to recover pipeline contract reformation and take-or-pay charges from its customers.

7. In calculating its expected gas cost, Columbia annualized its purchased gas cost to reflect its intention to purchase decreased volumes from Columbia Gas Transmission Corporation and increase the level of purchases from cheaper sources. Columbia considered this adjustment necessary to avoid a large overcollection from its customers. This methodology has been approved in the past; it seems reasonable in this instance also and should be approved.

8. Given the changing market conditions in the natural gas industry and the increasing volumes of spot market purchases as opposed to purchases from traditional pipeline suppliers, the Commission ordered, in GCA Case No. 9554-B, that Columbia file

more comprehensive information as backup for its actual adjustments. By the time of its next GCA filing, Columbia should be able to provide back-up information for its actual adjustment schedule and include it with that filing.

9. Columbia's gas cost recovery rate of \$3.4461, which includes the fixed charge recovery component, is an increase of 6.07 cents per Mcf. This increase represents the combined effect of the supplier increase, actual cost, balancing and refund adjustments.

10. Columbia's adjustments in rates, excluding any fixed charge recovery, under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 10201, dated October 21, 1988 are fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after March 1, 1989.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached and incorporated hereto, be and they hereby are authorized effective with gas supplied on and after March 1, 1989.


2. Within 30 days of the date of this Order, Columbia shall file with this Commission its revised tariffs setting out the rates authorized herein.


3. Columbia's methodology in annualizing purchases appears reasonable and is hereby allowed.

4. In its next filing and all subsequent filings, Columbia shall file the back-up information requested herein.

Done at Frankfort, Kentucky, this 23rd day of February, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
 COMMISSION IN CASE NO. 10201-A DATED 2/23/89

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.

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge <u> \$ </u>	Gas Cost Adjustment <u>1/</u> <u> \$ </u>	Total Billing Rate <u> \$ </u>
RATE SCHEDULE GS			
Customer Charge:			
Residential	4.20		4.20
Commercial or Industrial	10.50		10.50
Volumetric:			
First 2 Mcf/Month	1.3676	3.4461	4.8137
Next 48 Mcf/Month	1.3376	3.4461	4.7837
Next 150 Mcf/Month	1.3076	3.4461	4.7537
All Over 200 Mcf/Month	1.2776	3.4461	4.7237
Delivery Service:			
Demand Charge			
Demand Charge times			
Firm Mcf Volume in			
Customer Service Agreement		5.9673	5.9673
Firm	1.2776	.0373	1.3149
Interruptible	0.6500	.0373	.6873

RATE SCHEDULE FI

Customer Charge:	105.00		105.00
Customer Demand Charge:			
Demand Charge times			
Firm Mcf Volume in			
Customer Service			
Agreement		5.9673	5.9673
Commodity Charge-All			
Volumes	0.4295	3.4461	3.8756
Delivery Service:			
Interruptible	0.4295	.0373	.4668

RATE SCHEDULE IS

Customer Charge:	105.00		105.00
Commodity Charge	0.4295	3.4461	3.8756
Delivery Service			
Interruptible	0.4295	0.0373	0.4668

RATE SCHEDULE IUS

For all Volumes			
Delivered each Month	0.1147	3.4461	3.5608
<u>Delivery Service</u>	0.1147	0.7907	0.9054

1/ The Gas Cost Recovery Rate, as shown, is an adjustment per Mcf determined in accordance with the "Semi-Annual Gas Cost Adjustment Clause" as set forth on Sheets 80 through 82 of this tariff.