

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF COLUMBIA)	CASE NO. 10498-B
GAS OF KENTUCKY, INC.)	

O R D E R

IT IS ORDERED that Columbia Gas of Kentucky, Inc. ("Columbia") shall file the original and 12 copies of the following information with the Commission within 10 days of the date of this Order.

1. In Columbia's semi-annual gas cost adjustment ("GCA") filing of August 3, 1990, it proposed to include the cost of gas inventory charges ("GICs") from Columbia Gas Transmission Corporation ("Transmission") in its expected gas cost.

a. Why has Columbia proposed to recover these charges through an automatic adjustment such as the GCA?

b. As opposed to take-or-pay charges, which were approved by the Federal Energy Regulatory Commission to be passed along by pipelines to local distribution companies, is it true that the incurrence of Transmission GICs by Columbia depends on Columbia's purchasing practices?

2. Transmission's GIC was designed to contain a market comparability test.

a. Supply any monthly or quarterly reports or data available from Transmission which shows such a market comparison.

b. Supply data showing Columbia's nominations from Transmission per month since the GIC was instituted, along with actual purchases from Transmission for each of those months and any GIC incurred as a result of deficiencies.

c. Supply the amount of savings in gas cost to Columbia's customers resulting from Columbia's purchasing practices during periods when GICs were charged. (Savings should be net of GICs.)

3. To the extent that the above responses do not do so, supply support for the derivation of the amount of the GIC sought to be recovered in Schedule 1, Sheet 3, of Columbia's filing of August 3, 1990, as well as the derivation of the GIC applicable to FI and GSO customers found in Schedule 1, Sheet 2.

4. Does the cost of gas purchased per books shown in column 6 of Schedule No. 2, Sheet 1, include any amount of GICs?

5. Explain the meaning of the proposed note to Sheet No. 3 of Columbia's tariff and the addition of GIC language to the commodity charge portion of Sheet No. 4, Rate Schedule FI. Which volumes were originally subject to a GIC and what is the relation of the GIC to the existing base rates?

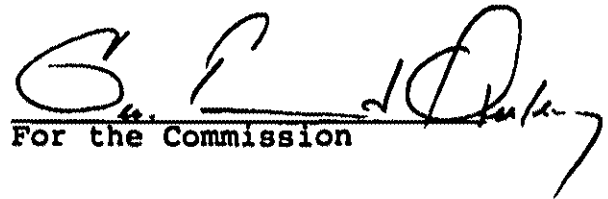
6. Explain the proposed "gas inventory charge" section to be added to Sheet No. 3 of Columbia's tariff. What is the relation of the GIC proposed to be recovered through the expected gas cost to the GIC referenced here?

7. How does the GIC described in the proposed addition to Sheet No. 7-A1 relate to the GIC applicable to FI and GSO customers as calculated in Schedule 1, Sheet 2, of the instant filing?

8. Referring to Schedule 6, Sheet 3 of the instant filing, explain why the over (under) collection of take-or-pay charges is proposed to be spread over sales volumes only as opposed to allocating a portion to transportation customers?

Done at Frankfort, Kentucky, this 20th day of August, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director