

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF COLUMBIA GAS)
OF KENTUCKY, INC.) CASE NO. 90-063

O R D E R

On March 20, 1990, Columbia Gas of Kentucky, Inc. ("Columbia") filed with the Commission its notice of intent to file a rate application. Simultaneously filed was a motion for authority to utilize the forecasted test period and a request to deviate from the filing requirements set forth in the Commission's proposed forecasted test-year guidelines.¹ The Attorney General of the Commonwealth of Kentucky, by and through his Utility and Rate Intervention Division ("Attorney General") filed responses to both on March 22, 1990 and further, moved to dismiss this proceeding. Columbia responded to the motion to dismiss on April 2, 1990.

After consideration of the pending motions, Columbia's filing and all responses, and being otherwise sufficiently advised, the Commission finds that a ruling on Columbia's motion to use the forecasted test year guidelines should be held in abeyance pending

¹ Administrative Case No. 331, An Investigation of Appropriate Guidelines for Filing Forecasted Test Periods, Order dated October 31, 1989, Appendix A, Attachment 1.

satisfactory curing of the deficiencies listed in Appendix A; the request for a waiver of certain filing requirements should be denied in part and the remainder held in abeyance; and the Attorney General's motion to dismiss should be denied.

The Commission in recent Orders has found it to be in the public interest to utilize a forecasted test year filing. In Case No. 10498² the Commission noted that traditional matching principles applied to historical test periods did not ensure that results were representative of current operating conditions. In Administrative Case No. 331 the Commission restated its findings from the Kentucky American Water Company, Inc.³ and Columbia Gas of Kentucky, Inc. cases and issued proposed guidelines which are currently pending that would allow utilities to file rate cases based on forecasted test-year filings.

The Commission recognizes that insofar as the instant filing represents a test-case under the proposed guidelines, such a case should be useful to both the Commission and the parties in evaluating the proposed guidelines and will provide invaluable experience to all concerned. The Commission, therefore, finds that Columbia's motion to utilize the proposed forecasted

² Case No. 10498, Adjustment of Rates of Columbia Gas of Kentucky, Inc.

³ Case No. 10481, Adjustment of the Rates of Kentucky-American Water Company.

test-year guidelines should be held in abeyance pending satisfactory curing of the deficiencies listed in Appendix A.

In order to utilize the proposed guidelines a utility must submit all information currently required by Commission regulations for general rate applications as well as substantially more information required under the guidelines. In fact, at page five, the guidelines require "[T]hese data requirements as well as the full application pursuant to 807 KAR 5:001, Section 10, and the prepared testimony of the utilities' witnesses should be filed concurrently on the initial filing date." Assuming a satisfactory filing of the information which remains to be filed with the application, Columbia will be in full compliance with statutes and regulations of the Commission, therefore, granting Columbia's motion would not be unlawful. Hence, the Attorney General's motion to dismiss should be denied.

Columbia has requested a waiver of certain forecasted test-year filing requirements, specifically Sections B.II.R. Financial Forecast, Affiliated Company Data and B.II.T. Financial Forecast, Computer Programs. The Commission has established parameters and guidelines for use by those utilities who choose to file using forecasted data. Since the guidelines are to some extent experimental, it is all the more essential that the Commission and the parties marshal all possible relevant information that can reasonably be produced to ensure that this case is representative of forecasted test-year filings. Therefore, Columbia's request for a waiver of the Section B.II.R.

filing requirement should be denied. Columbia shall provide the affiliated company data within 10 days of the date of this Order.

Columbia states it is willing to provide a list and description of those computer programs used to compile Columbia's filing in lieu of the actual program. Columbia should submit the list and description of those programs to the Commission and Columbia's request for a waiver of the Section B.II.T. requirement will be held in abeyance to allow the list and description of those programs to be filed. Columbia's request for a waiver will be ruled upon after a review of the list and description.

In addition, the Commission has reviewed the data submitted by Columbia with its notice of intent and has found it to be deficient in several respects. The Appendix, attached hereto and incorporated herein, is a descriptive list of deficiencies noted. Columbia should be advised that the 30-day notice of intent to file a rate application required by 807 KAR 5:011, Section 8(1) will not begin to run until those deficiencies are cured.

IT IS THEREFORE ORDERED that:

1. Columbia's motion to utilize the forecasted test-year guidelines be and it hereby is held in abeyance in accordance with the above findings. Columbia is hereby advised that the 30-day notice of intent to file a rate application required by 807 KAR 5:011, Section 8(1) will not begin to run until those deficiencies are cured.

2. The Attorney General's motion to dismiss this proceeding be and it hereby is denied.


3. Columbia's request for a waiver of the Section B.II.R. filing requirements concerning affiliated company data be and it hereby is denied.

4. Columbia's request for a waiver of the Section B.II.T. filing requirements concerning computer programs be and it hereby is held in abeyance until a list and description of the computer programs is filed.

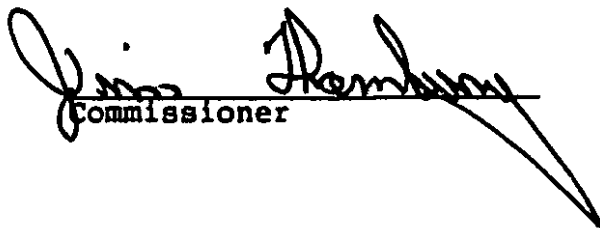
5. Columbia shall file the information listed in the Appendix within 10 days of the date of this Order.

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

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 90-063 DATED 4/20/90

DEFICIENCIES

B. FILING REQUIREMENTS - NOTICE OF INTENT

I.A.3. Total Estimated Costs by year were not provided.

4. The most recent available total costs were not provided. AFUDC requirement was omitted.

B. The most recent available costs incurred were not provided.

II.B. The filing is insufficient to meet the requirements. Need to provide underlying assumptions, workpapers, and projections and a narrative explaining filed information.

C. The FERC annual report was provided; however, the latest FERC audit was requested.

F. The 1989 statistical supplement was not filed.

J. Twelve individual monthly managerial reports were requested; only December 1989 was provided.

K. The most recent consolidated federal income tax return was not filed.

L. The filing is deficient; individual audited financial reports for all affiliated companies with which Columbia had transactions was requested; referral to SEC reports does not meet requirement.