

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On March 16, 1990, Columbia Gas of Kentucky, Inc. ("Columbia") gave notice pursuant to KRS 278.180 of its intent to file an application to increase its annual base rate revenues by \$8,572,641. Columbia filed its application utilizing a forecasted test year for the 12 months ending December 31, 1990 based upon filing comprehensive notice and supplemental data as required in the Commission's Order in Administrative Case No. 331.¹ After curing all filing deficiencies, Columbia's application was considered officially filed with the Commission on July 13, 1990. In addition Columbia filed its direct testimony in support of the proposed rate increase on this date.

Subsequent to the receipt of this filing, the parties of record, Columbia, the Attorney General for the Commonwealth of Kentucky, GTE Products Corporation, Lexington-Fayette Urban County Government, and Kentucky Industrial Utility Consumers, initiated

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

settlement discussions to conclude this proceeding without further litigation. The Commission Staff did not participate in any settlement negotiations.

On September 21, 1990, the parties submitted a Joint Stipulation and Recommendation ("Joint Stipulation"), attached hereto and marked Appendix A. The Joint Stipulation expresses the parties' agreement on a mutually satisfactory resolution of all of the issues in this case. Parties to this proceeding have unanimously endorsed the stipulation and stated that the Joint Stipulation is a result of many hours of diligent negotiations over the last 2 months. Following submission of the Joint Stipulation, all parties met with the Commission Staff in an informal conference on September 25, 1990 and jointly presented details of the agreement as supported by the record of evidence. Subsequently, the Commission conducted a hearing on October 1, 1990 to evaluate the reasonableness of the Joint Stipulation. At the hearing each party that signed the Joint Stipulation sponsored a witness that testified as to the reasonableness of the Joint Stipulation.

The Joint Stipulation provides as follows:

1. Columbia shall be permitted an annual revenue increase of \$3,430,000 effective October 1, 1990.
2. Columbia shall be permitted an additional annual revenue increase of \$3,408,000 effective October 1, 1991.
3. Columbia shall not seek any general base rate increase which when suspended by the Commission would become effective prior to October 1, 1992.

4. Columbia shall be permitted to modify its GS rate schedule to eliminate its existing customer charges and replace them with minimum bills, establish a propane service rate including a propane cost recovery rate, increase the GS transportation rate to match the end block GS sales rate, and establish a main line transportation rate for customers directly connected to facilities of an interstate pipeline supplier. Columbia shall also be permitted to implement modified Tariff Sheet Nos. 56, 72, and 73 regarding availability and penalties for FI and IS customers.

The rates given to Columbia after the second rate increase provided for in the Joint Stipulation are in fact lower rates than what Columbia has requested in its application filed in this proceeding. This is especially significant given the evidence that absent the approval of this Joint Stipulation, Columbia will be requesting an additional rate increase in 1991, which is precluded by the Joint Stipulation.

Under normal rate-making procedures, the Commission would determine a reasonable rate base, a reasonable capital structure, reasonable operating expenses and taxes, a reasonable cost of capital and a reasonable distribution of the required cost of service. However, in their Joint Stipulation, the parties have requested the Commission to evaluate and consider the agreement in its entirety. Whereas the Commission agrees that a test of overall reasonableness is an important factor in its consideration, it nevertheless is bound by its legislative mandate

to undertake a review of the underlying financial analyses in order to replicate the results found in the Joint Stipulation.

The Commission has undertaken such a review of the underlying financial analyses implicit in the Joint Stipulation. Based upon this review, presentations by the parties, established precedents in recent Columbia rate case Orders, and the estimates used in the future test year and all other evidence of record, the Commission finds the Joint Stipulation to be reasonable.

Among the major considerations in finding this Joint Stipulation to be reasonable is the evidence that Columbia's investment in gas utility operations in the Commonwealth of Kentucky has increased substantially and will continue to significantly increase with an estimated \$30 million of additional investment over the next 3 years. In fact Columbia's rate base as of July 1990 was \$85,748,462 which is greater than what Columbia originally projected in this filing.² This prospective investment substantiates the need for the two-step rate relief provided in the Joint Stipulation. The two-step increase will eliminate a base rate filing in 1991 which otherwise would have been necessary given the significant increase in investment during that period.

Using Columbia's projections, Columbia should not earn in excess of 13.5 percent return on equity during the Phase I rate increase and the subsequent Phase II rate increase. The range of 12.5 to 13.5 percent return on equity was found reasonable in

² Supplemental Net Original Cost Rate Base filed October 1, 1990.

Columbia's last rate case, Case No. 10498,³ and is still reasonable for Columbia to earn under current economic conditions.

The Commission has also reviewed the allocation of the revenue increases and the resulting rate design included in the settlement. The allocation of the increases is consistent with Columbia's cost-of-service analyses and represents movement toward cost-based rates. The rate design reflects this move toward cost-based rates in a gradual manner consistent with past Orders of the Commission and results in fair, just, and reasonable rates that equitably allocate the increases to all rate classes.

In determining whether or not the results of the stipulation are in the public interest and a benefit to the ratepayers, the Commission has taken into consideration the fact that all intervenors to this proceeding are proponents and signatories to the stipulation. These intervenors represent various customers with a wide range of interests and have been involved in numerous previous Columbia rate proceedings and as a result are familiar with and knowledgeable of the issues involved in the current proceeding. Furthermore, the evidence presented at the hearing indicates that the settlement was a result of arms-length negotiations.

The Joint Stipulation has additional benefit in that it avoids the lengthy, expensive litigation process which would

³ Case No. 10498, Adjustment Of Rates Of Columbia Gas Of Kentucky, Inc., Order dated October 17, 1989.

otherwise be involved in this proceeding. This proceeding was the first rate proceeding before the Commission using a future test year and was therefore anticipated by all to be more lengthy and involved than a historical test year rate proceeding. Furthermore, the Commission notes that the settlement provides that no rehearing or appeal will subsequently be filed if the stipulation is approved by the Commission. In addition to this proceeding, Columbia has in the past two and one-half years filed two other general base rate increases both of which required hearings and rehearing, and involved numerous issues, many of which overlapped. The fact that this settlement contains an agreement that Columbia will not seek any general base rate increase that will be effective prior to October 1, 1992 is an obvious added benefit. Moreover, this proceeding was subject to the possibility of further litigation depending upon the outcome of the pending proceeding in Franklin Circuit Court challenging the Commission's use of future test year in rate case proceedings. Commonwealth of Kentucky, ex rel. Frederic J. Cowan, Attorney General, et al. v. Public Service Commission, Civil Action No. 90-CI-00798, Division No. 1, Franklin Circuit Court.

SUMMARY OF FINDINGS

1. The matters contained in the proposed Joint Stipulation are supported by the evidence of record.
2. The proposed Joint Stipulation is in accordance with the law and does not violate any regulatory principle.
3. The Joint Stipulation is a product of serious arms-length negotiations among capable, knowledgeable parties.

4. Based on the evidence as presented, the results of the Joint Stipulation are in the public interest.

5. The Joint Stipulation results in fair, just, and reasonable rates which are set out in Appendices B and C, which are attached hereto and incorporated herein.

6. Phase I and Phase II of the Joint Stipulation will result in annual revenues from gas sales and transportation of \$92,673,122 and \$96,081,200, respectively, based upon the Gas Cost Adjustment rates effective September 1, 1990.

IT IS THEREFORE ORDERED that:

1. The Joint Stipulation is adopted and approved.

2. The Joint Stipulation is incorporated into this Order as if fully set forth herein.

3. The rates set forth in Appendix B to this Order are approved for service rendered by Columbia on and after the date of this Order. The rates set forth in Appendix C to this Order are approved for service rendered by Columbia on or after October 1, 1991.


4. Within 30 days of the date of this Order, Columbia shall file its revised tariff sheets setting forth the rates set out in Appendix B. On or before September 10, 1991, Columbia shall file its revised tariff sheets setting forth the rates set out in Appendix C with an October 1, 1991 effective date.


5. Columbia shall adhere to and comply with all provisions of the Joint Stipulation.

Done at Frankfort, Kentucky, this 10th day of October, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-063 DATED October 10, 1990.

RECEIVED

COMMONWEALTH OF KENTUCKY

SEP 21 1990

BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

In the Matter of:

Adjustment of Rates of) Case No. 90-063
Columbia Gas of Kentucky, Inc.)

JOINT STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, namely: Columbia Gas of Kentucky, Inc. (Columbia), the Attorney General for the Commonwealth of Kentucky (Attorney General), GTE Products Corporation (GTE), Lexington-Fayette Urban County Government (LFUCG) and Kentucky Industrial Utility Consumers (KIUC) to express their agreement on a mutually satisfactory resolution of all of the issues in the instant case.

It is understood by all parties hereto that this Stipulation and Recommendation is not binding upon the Commission, nor does it represent agreement on any specific theory supporting the appropriateness of any stipulated and recommended adjustments to Columbia's rates. The parties have spent many hours, over many days, in order to reach the agreements which form the basis of this Stipulation and Recommendation. All of the parties, which represent diverse interests and divergent viewpoints, agree that this Stipulation and Recommendation, viewed in its entirety, is a reasonable resolution of all issues in the proceeding.

Furthermore, the adoption of this Stipulation and Recommendation will eliminate the need for the Commission and the parties to expend significant resources in litigation of this

proceeding, and eliminate the possibility of, and any need for, rehearing or any appeals of the Commission's final order herein. It is the position of the parties hereto that this Stipulation and Recommendation is supported by sufficient and adequate data and information, and is entitled to serious consideration by the Commission. Based upon the parties' participation in settlement conferences and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1. Columbia should be permitted to adjust its rates in order to permit it to recover approximately \$3,430,000 in additional annual revenue, with such rates to be effective with service rendered on and after October 1, 1990. The pro-forma tariff rate sheet, Attachment A hereto, is recommended as reflecting the new rates to be effective on the aforementioned date. That pro-forma tariff sheet further reflects rates that are designed to permit Columbia the opportunity to recover the additional revenues from its various service classes in accordance with its tariff both currently existing and as supplemented and amended by this Stipulation and Agreement.

2. Columbia should be further permitted to adjust its rates in order to permit it to recover an additional approximately \$3,408,000 in additional annual revenue, with such rates to be effective with service rendered on and after October 1, 1991. The pro-forma tariff rate sheet, Attachment B hereto, is recommended as reflecting the new rates to be effective on the aforementioned

date. That pro-forma tariff sheet further reflects rates that are designed to permit Columbia the opportunity to recover the additional revenues from its various service classes in accordance with its tariff both currently existing and as supplemented and amended by this Stipulation and Agreement.

3. Columbia agrees that it will not seek any general base rate increase that would be effective prior to October 1, 1992. This agreement is understood to permit Columbia to file a general base rate increase case prior to that time which states an earlier effective date, but which when suspended by the Commission, shall result in rates effective no earlier than October 1, 1992. It is further understood that Columbia shall continue to file its purchased gas adjustment (PGA) cases, and that total rates may fluctuate from time to time as a result of such PGA adjustments. Additionally, should the Commission establish generic or company-specific special purpose proceedings to adjust rates, for example, to reflect changes in federal income tax law or regulations or the imposition of special energy taxes, Columbia is not precluded from participation in such proceedings and rates may be reduced or increased as a result of such proceedings during the October 1, 1990 through October 1, 1992 time period.

4. Columbia should be permitted to implement the main line rate described in Rate Schedule MS and the following modified Rate Schedules, attached hereto as Attachment C, Sheets 1-4:

- (a). Schedule MS- Sheet 7-A2 (New Service)
- (b). Schedule FI- Sheet 56 (Availability, Penalties)
- (c). Schedule IS- Sheets 72,73 (Availability, Penalties)

Changes in rate design (i.e., blocking, customer charge, etc.) are described in the pro-forma rate sheets. Attachments A & B.

5. The agreed additional annual revenue permitted by this Stipulation and Recommendation represents a reduction as of October 1, 1990, of approximately \$5,000,000 from the original request filed by Columbia in these proceedings. Additionally, because of its on-going capital additions to plant, Columbia states that it would have filed for a subsequent base rate increase to be effective during 1991. However, this Stipulation and Recommendation precludes that subsequent filing. Additionally, although it is not a part of this Stipulation and Recommendation, it is to be noted that Columbia has implemented a significant sales rate reduction effective September 1, 1990, which fully offsets the rate increase from this agreement to those sales customers for the duration of the current PGA adjustment.

6. Each party hereto waives all cross-examination of the witnesses of the other parties hereto unless the Commission disapproves this Joint Stipulation, and further stipulates and recommends that the Notice of Intent, and the Notice and Application filed in the proceedings be admitted into the record.

7. This Stipulation and Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Columbia or any other utility. Nothing in this Stipulation and Recommendation is intended or should be construed to inhibit any party from taking any position it deems necessary regarding the propriety or impropriety of utilizing projected revenue and expense data for ratemaking purposes in future proceedings before the Commission

or in the pending litigation before the Franklin County Circuit Court (sub nom. Cowan, et al. v. Public Service Commission, Case No. 90-CI-00798).

8. If the Commission issues an order adopting this Stipulation and Recommendation in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court from such order.

9. If this Stipulation and Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon all or any matters involved herein, and that in such event the terms of this agreement shall not be deemed binding upon the parties hereto, nor shall such agreement be admitted into evidence or referred to or relied on in any manner by any party hereto, the Commission or its staff in any such hearing.

10. All of the parties hereto agree that the foregoing Stipulation and Recommendation is reasonable and in the best interest of all concerned, and urge that the Commission adopt this agreement in its entirety.

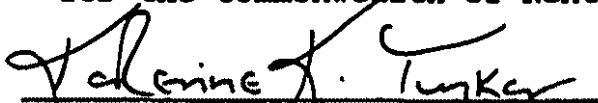
AGREED, this 21st day of September, 1990.



JOHN L. SHAILER
On behalf of Columbia Gas
of Kentucky, Inc.



PAUL E. REILENDER, JR.
On behalf of the Attorney General
for the Commonwealth of Kentucky



KATHERINE K. YUNKER
On behalf of GTE Products Corporation



EDWARD W. GARDNER
On behalf of the Lexington-
Fayette Urban County Government



DAVID F. BOEHM
On behalf of Kentucky Industrial
Utility Consumers

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge		
<u>Rate Schedule GS</u>	\$		
<u>Residential</u>			
First 1 Mcf or less per Mo.	6.79		
<u>Commercial or Industrial</u>			
First 1 Mcf or less per Mo.	15.10		
Next 49 Mcf per Mo.	1.5392		
Next 150 Mcf per Mo.	1.4943		
Over 200 Mcf Per Mo.	1.4495		
<u>Delivery Service</u>			
<u>Demand Charge</u>			
Demand Charge times Firm Mcf Volume in Customer Service Agreement			
Volumetric	1.4495		
<u>Rate Schedule GPS</u>			
<u>Residential</u>			
First 1 Mcf or less per Mo.	6.79		
<u>Commercial or Industrial</u>			
First 1 Mcf or less per Mo.	15.10		
Next 49 Mcf per Mo.	1.5392		
Next 150 Mcf per Mo.	1.4943		
All Over 200 Mcf per Mo.	1.4495		
<u>Rate Schedule FI</u>			
Customer Charge	123.45		
<u>Customer Demand Charge</u>			
Demand Charge times Firm Mcf Volume in Customer Service Agreement			
Commodity Charge-All Volume	0.5066		
<u>Delivery Service</u>			
Interruptible	0.4641		
<u>Rate Schedule IS</u>			
Customer Charge	123.45		
Commodity Charge	0.5066		
<u>Delivery Service</u>			
Interruptible	0.4641		
<u>Rate Schedule IUS</u>			
For All Volumes Delivered Each Month	0.1584		
<u>Delivery Service</u>	0.1584		
<u>Delivery Service - Mainline</u>	0.1000		

(I) Increase

DATE OF ISSUE:

DATE EFFECTIVE: With Gas Supplied On and After October 1, 1990

Issued by:	<u>J. W. Partridge, Jr.</u>	<u>Vice President</u>	<u>Columbus, Ohio</u>
	Name of Officer	Title	Address

Case No 90-063
Revenue At Current and Proposed Rates
Base Period 12 Months Ended December 31, 1989
and the Forecasted Period 12 Months Ending December 31, 1990

Line No.	Rate Schedule (A)	Base Rate Revenue at Current Rates (B)	Revenue Design at Oct. 90 Rates (C)	Difference (D)	% of Revenue Change (E=D/B)
1	GS - Residential	20,626,102	23,229,905	2,602,803	12.62%
2	Commercial	9,079,572	10,204,825	1,125,253	12.39%
3	Industrial	253,803	278,519	24,716	9.74%
4	Total General Service	29,959,477	33,712,249	3,752,772	12.5%
5	GP - Residential	3,785	4,203	418	11.04%
6	Commercial	1,941	2,157	216	11.13%
7	Total General Propane	5,726	6,360	634	11.07%
8	FI - Commercial	219,332	246,153	26,821	12.23%
9	Industrial	89,065	99,833	10,768	12.23%
10	Total Firm Interruptible	307,397	344,986	37,589	12.23%
11	IS - Commercial	7,920	8,888	968	12.22%
12	Industrial	13,003	14,593	1,590	12.23%
13	Total Interruptible Service	20,923	23,481	2,558	12.23%
14	IUS - All Volume	33,081	37,137	4,056	12.26%
15	Former LG&E Customers - All Volume	60,620	60,620	0	0%
	Delivery Service - FIXED				
16	GS/Commercial	359,751	519,636	160,885	44.85%
17	GS/Industrial	165,135	211,136	46,001	27.86%
18	Elim of 2 part GS rate				
19	TOTAL GS	523,886	730,772	206,886	39.49%
20	FI/Commercial	243,583	255,705	12,122	4.98%
21	FI/Industrial	1,258,013	1,320,615	62,602	4.98%
22	IS/Commercial	56,253	59,053	2,800	4.98%
23	IS/Industrial	42,022	44,113	2,091	4.98%
24	MS/All Volume	1,005,068	350,198	(654,870)	-65.16%
25	FLEX	937,248	937,248	0	
26	Total Delivery Service	4,066,071	3,697,702	(368,369)	-9.06%
27	Total Throughput	34,453,295	37,882,535	3,429,240	9.95%
28	TOTAL	34,453,295	37,882,535	3,429,240	9.95%

CURRENTLY EFFECTIVE BILLING RATES

<u>Rate Schedule GS</u>	<u>Base Rate</u>		
	<u>Charge</u>		
<u>Residential</u>	\$		
First 1 Mcf or less per Mo.	7.45		
<u>Commercial or Industrial</u>			
First 1 Mcf or less per Mo.	16.34		
Next 49 Mcf per Mo.	1.6872		
Next 150 Mcf per Mo.	1.6378		
Over 200 Mcf Per Mo.	1.5886		
<u>Delivery Service</u>			
<u>Demand Charge</u>			
Demand Charge times Firm Mcf Volume in Customer Service Agreement			
Volumetric	1.5886		
<u>Rate Schedule GPS</u>			
<u>Residential</u>			
First 1 Mcf or less per Mo.	7.45		
<u>Commercial or Industrial</u>			
First 1 Mcf or less per Mo.	16.34		
Next 49 Mcf per Mo.	1.6872		
Next 150 Mcf per Mo.	1.6378		
All Over 200 Mcf per Mo.	1.5886		
<u>Rate Schedule FI</u>			
Customer Charge	135.79		
<u>Customer Demand Charge</u>			
Demand Charge times Firm Mcf Volume in Customer Service Agreement			
Commodity Charge-All Volume	0.5573		
<u>Delivery Service</u>			
Interruptible	0.4861		
<u>Rate Schedule IS</u>			
Customer Charge	135.79		
Commodity Charge	0.5573		
<u>Delivery Service</u>			
Interruptible	0.4861		
<u>Rate Schedule IUS</u>			
For All Volumes Delivered Each Month	0.1735		
<u>Delivery Service</u>	0.1735		
<u>Delivery Service - Mainline</u>	0.1000		

(I) Increase

DATE OF ISSUE:

DATE EFFECTIVE: With Gas Supplied On and After October 1, 1981

Issued by: J. W. Partridge, Jr.
Name of OfficerVice President
TitleColumbus, Ohio
Address

Dfl b/w oct 90 and Oct 91 rates
newblock

Columbia Gas of Kentucky, Inc.
Case No. 90-063
Revenue At Current and Proposed Rates
Base Period 12 Months Ended December 31, 1989
and the Forecasted Period 12 Months Ending December 31, 1990

Data: __x__ Base Period __x__ Forecasted Period DIFFERENCE BETWEEN OCTOBER 1990 AND OCTOBER 1991 RATES
Type of Filing __x__ Original ___ Updated ___ Revised
Workpaper Reference No(s): _____

Line No.	Rate Schedule (A)	Base Rate Revenue at Oct. 1991 (B)	Base Rate Revenue at Oct. 1990 (C)	Revenue Change (Amount) (D=B-C)	% of Revenue Change (E=D/C)
1	GS - Residential	25,471,627	23,228,905	2,242,722	9.65%
2	Commercial	11,152,808	10,204,825	947,983	8.29%
3	Industrial	305,136	278,519	26,617	8.56%
4	Total General Service	36,929,571	33,712,249	3,217,322	9.54%
5	GP - Residential	4,609	4,203	406	8.60%
6	Commercial	2,360	2,157	203	8.41%
7	Total General Propane	6,969	6,360	609	8.56%
8	FI - Commercial	270,784	248,153	24,631	10.01%
9	Industrial	108,720	98,833	9,887	10.00%
10	Total Firm Interruptible	379,504	344,986	34,518	10.01%
11	IS - Commercial	9,777	8,888	889	10.00%
12	Industrial	16,053	14,593	1,460	10.00%
13	Total Interruptible Service	25,830	23,481	2,349	10.00%
14	IUS - All Volume	40,677	37,137	3,540	8.53%
15	Former LG&E Customers - All Volume	60,620	60,620	0	0.00%
	FIXED				
16	GS/Commercial	569,502	519,636	49,866	8.60%
17	GS/Industrial	231,397	211,136	20,261	8.60%
18	FI/Commercial	267,826	255,705	12,121	4.74%
19	FI/Industrial	1,383,217	1,320,615	62,602	4.74%
20	IS/Commercial	61,852	59,063	2,789	4.74%
21	IS/Industrial	46,204	44,113	2,091	4.74%
22	MS/All Volume	350,198	350,198	0	
23	FLEX	937,246	937,246	0	
24	Total Delivery Service	3,847,442	3,697,702	149,740	4.05%
	Total All Rate Schedules	41,290,613	37,882,635	3,408,078	8.00%

CURRENTLY EFFECTIVE BASE RATE LEVELS
(Continued)

RATE SCHEDULE DSML - MAIN LINE DELIVERY SERVICE

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY

This rate schedule is available to any customer throughout the territory served by the Company provided:

- (a) Customer has executed a contract with the Company for delivery service, and
- (b) Customer has normal annual requirements of not less than 25,000 Mcf at any delivery point.
- (c) Customer is connected directly through a dual-purpose meter to facilities of an interstate pipeline supplier of the Company.

RATE

The rate shall be \$.10 per Mcf for all gas delivered each month.

(N) New

DATE OF ISSUE:

DATE EFFECTIVE: With Gas Supplied On and After

Issued by:

October 1, 1990

Name of Officer

Title

Address

**CLASSIFICATION OF SERVICE
FIRM AND INTERRUPTIBLE GAS SERVICE
RATE SCHEDULE FI**

APPLICABILITY

See Sheet 33 for Applicability.

AVAILABILITY OF SERVICE

See Sheets 36 through 41 for Temporary Volumetric Limitations and Curtailment provisions.

This rate schedule is available in the territory served by the Seller to any Buyer having Normal Annual Volume Requirements of at least 25,000 Mcf at any location when:

- (a) The Seller's existing facilities have sufficient supply to provide the quantities of gas requested by said Buyer, and
- (b) The Buyer executes a Sales Agreement for the purchase of:
 - (i) a specified Daily Firm Volume which shall not be less than 25% of the Buyer's Maximum Daily Volume requirements, and
 - (ii) a specified Daily Interruptible Volume, which shall be the difference, if any, between the Buyer's Maximum Daily Volume requirements and the specified Daily Firm Volume.
 - (iii) Buyer has installed alternate energy sufficient to replace interruptible natural gas during curtailment or interruption or Buyer has a signed statement acknowledging the fact that they are interruptible and are aware that Seller has no obligation to serve during times of interruption.

CHARACTER OF SERVICE

The Daily Firm Volume of the Buyer will be contracted for by the Seller from its supplier and no curtailment of this firm volume is planned, considering availability thereof from its supplier(s). However, in the event of emergencies, shortages of gas, or force majeure, the Seller reserves the right to curtail the Daily Firm Volume of Buyer without incurring any liability for any loss, cost, damage, injury or expenses that may be sustained by the Buyer by reason of any such curtailment. It is understood that the Seller's primary obligation is to its domestic markets.

(N) New

DATE OF ISSUE:

DATE EFFECTIVE: With Gas Supplied On and After

Issued by:

October 1, 1990

Name of Officer

Title

Address

**CLASSIFICATION OF SERVICE
INTERRUPTIBLE GAS SERVICE
RATE SCHEDULE IS**

APPLICABILITY

See Sheet No. 33 for Applicability.

AVAILABILITY OF SERVICE

See Sheet Nos. 36 through 41 for Temporary Volumetric Limitations and Curtailment provisions.

This rate schedule is available in the territory served by the Seller to any Buyer having normal annual usage of not less than 25,000 Mcf at any location when:

- (a) The Seller's existing facilities have sufficient capacity and gas supply to provide the quantities of gas requested by said Buyer, and
- (b) The Buyer executes a Sales Agreement which specifies the Daily Interruptible Volume.
- (c) Buyer has installed alternate energy sufficient to replace interruptible natural gas during curtailment or interruption or Buyer has a signed statement acknowledging the fact that they are interruptible and are aware that Seller has no obligation to serve during times of interruption.

CHARACTER OF SERVICE

Deliveries of gas hereunder shall be on an interruptible basis only. Seller may completely or partially interrupt deliveries of gas hereunder at any time for any reason, in its sole judgment, and it is understood that the Seller will not include in its Contract Demand or Winter Service commitment with its supplier(s) any volume in order to provide service under this rate schedule.

RATE

The rate levels applicable to service under this rate schedule are stated on the currently effective Sheet No. 6 of this tariff and are hereby incorporated into this rate schedule.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the customer charge as stated on Sheet No. 6 of this tariff.

DATE OF ISSUE:

DATE EFFECTIVE: With Gas Supplied On and After

Issued by: _____

October 1, 1990

Name of Officer

Title

Address

**CLASSIFICATION OF SERVICE
INTERRUPTIBLE GAS SERVICE
RATE SCHEDULE IS (Continued)**

PENALTY CHARGE FOR FAILURE TO INTERRUPT

On any day when the Buyer has been given timely notice by the Seller to interrupt, any quantity of gas taken in excess of the quantity specified to be made available on that day shall be subject to a payment of twenty-five dollars (\$25) per Mcf for all volumes taken in excess of one hundred three percent (103%) of the volumes specified to be made available on such day by Seller. The penalty charge for failure to interrupt shall be in addition to the charges specified in this Rate Schedule. Buyer shall be liable for any personal injury or damage to the property of Seller or third parties which results from Buyer's failure to interrupt, and Buyer will indemnify and hold Seller harmless with respect to such injuries or damages.

I

PAYMENT FOR UNAUTHORIZED TAKES

Gas taken in excess of one hundred three percent (103%) of the specified Daily Interruptible Volume set forth in the Sales Agreement for the months April through November or any gas taken during the months of December through March shall constitute unauthorized takes unless prior approval for an additional volume has been granted by the Seller. The sum of all unauthorized takes in a billing month shall be billed at a rate of twenty-five dollars (\$25) per Mcf of gas taken. Payment for such unauthorized takes shall be in addition to the charges specified in this Rate Schedule. Buyer shall be liable for any personal injury or damage to the property of Seller or third parties which results from Buyer's unauthorized takes, and Buyer will indemnify and hold Seller harmless with respect to such injuries or damages. The Seller reserves the right, for good cause shown, to waive the penalty payment of twenty-five dollars (\$25) per Mcf for unauthorized takes. Should Buyer wish to take gas in excess of his authorized Maximum Daily Volume and avoid penalty payment, Buyer should request permission for a specified volume from Seller at least 18 hours in advance.

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(I) Increase

DATE OF ISSUE:

DATE EFFECTIVE: With Gas Supplied On and After

Issued by:

October 1, 1990

Name of Officer

Title

Address

APPENDIX B

**APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-063 DATED October 10, 1990.**

The following base rates 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 effective date of this Order.

	Base Rate Charge \$ <hr style="width: 10%; margin: 0 auto;"/>
RATE SCHEDULE GS	
Residential	
First 1 Mcf or Less Per Month	6.79
Commercial or Industrial	
First 1 Mcf or Less Per Month	15.10
Residential, Commercial, or Industrial	
Next 49 Mcf Per Month	1.5392
Next 150 Mcf Per Month	1.4943
Over 200 Mcf Per Month	1.4495
Delivery Service	
Volumetric Charge	1.4495
The Minimum Monthly Charge Shall Be:	
Residential	\$ 6.79
Commercial or Industrial	\$15.10

RATE SCHEDULE GPS

Residential	
First 1 Mcf or Less Per Month	6.79
Commercial or Industrial	
First 1 Mcf or Less Per Month	15.10
Residential, Commercial, or Industrial	
Next 49 Mcf Per Month	1.5392
Next 150 Mcf Per Month	1.4943
Over 200 Mcf Per Month	1.4495

The Minimum Monthly Charge Shall Be:	
Residential	\$ 6.79
Commercial or Industrial	\$15.10

RATE SCHEDULE FI

Customer Charge	123.45
Commodity Charge - All Volumes	.5066
Delivery Service	.4641

RATE SCHEDULE IS

Customer Charge	123.45
Commodity Charge - All Volumes	.5066
Delivery Service	.4641

RATE SCHEDULE IUS

For All Volumes Delivered	
Each Month	.1584
Delivery Service	.1584

RATE SCHEDULE DSML

For All Volumes Delivered	
Each Month	.1000

APPENDIX C

**APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-063 DATED October 10, 1990.**

The following base rates are prescribed for the customers served by Columbia Gas of Kentucky, Inc. for service rendered on and after October 1, 1991. 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 effective date of these rates.

	Base Rate Charge
	<u> \$ </u>
RATE SCHEDULE GS	
Residential	
First 1 Mcf or Less Per Month	7.45
Commercial or Industrial	
First 1 Mcf or Less Per Month	16.34
Residential, Commercial, or Industrial	
Next 49 Mcf Per Month	1.6872
Next 150 Mcf Per Month	1.6378
Over 200 Mcf Per Month	1.5886
Delivery Service	
Volumetric Charge	1.5886
The Minimum Monthly Charge Shall Be:	
Residential	\$ 7.45
Commercial or Industrial	\$16.34

RATE SCHEDULE GPS

Residential	
First 1 Mcf or Less Per Month	7.45
Commercial or Industrial	
First 1 Mcf or Less Per Month	16.34

Residential, Commercial, or Industrial	
Next 49 Mcf Per Month	1.6872
Next 150 Mcf Per Month	1.6378
Over 200 Mcf Per Month	1.5886

The Minimum Monthly Charge Shall Be:	
Residential	\$ 7.45
Commercial or Industrial	\$16.34

RATE SCHEDULE FI

Customer Charge	135.79
Commodity Charge - All Volumes	.5573
Delivery Service	.4861

RATE SCHEDULE IS

Customer Charge	135.79
Commodity Charge - All Volumes	.5573
Delivery Service	.4861

RATE SCHEDULE IUS

For All Volumes Delivered	
Each Month	.1735
Delivery Service	.1735

RATE SCHEDULE DSML

For All Volumes Delivered	
Each Month	.1000

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GREEN RIVER ELECTRIC CORPORATION'S)
NOTICE OF INCREASE IN RATES FOR RETAIL) CASE NO. 90-152
ELECTRIC SERVICE)

O R D E R

The Commission, on its own motion, HEREBY ORDERS that the prehearing conference scheduled on October 11, 1990 at 1:00 p.m., Eastern Daylight Time, is rescheduled to 10:00 a.m., Eastern Daylight Time, on October 11, 1990, in Conference Room No. 1 of the Commission's Offices at 730 Schenkel Lane, Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 10th day of October, 1990.

PUBLIC SERVICE COMMISSION


Robert M. Davis
For the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MATRIX TELECOM FOR A)
CERTIFICATE OF CONVENIENCE AND NECESSITY TO) CASE NO. 90-270
OPERATE AS A RESELLER OF TELECOMMUNICATIONS)
SERVICES WITHIN THE STATE OF KENTUCKY)

O R D E R

IT IS ORDERED that Matrix Telecom ("Matrix") shall file the original and ten copies of the following information with the Commission, with a copy to all parties of record. Each copy of the information requested shall be placed in a bound volume with each item tabbed. Include in each response the name of the witness who will be responsible for responding to questions relating to this information.

The information requested herein is due no later than 30 days from the date of this Order. If the information cannot be provided within this time, Matrix shall submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it can be furnished. Such motion will be considered by the Commission.

1. Has Matrix ever provided service and/or collected any money from the public for the provision of intrastate telecommunications services in the Commonwealth of Kentucky? If so, explain in detail.

2. Identify the carriers whose services Matrix intends to resell.

3. If Matrix intends to resell tariffed services of facilities-based carriers, identify these tariffed services and specify whether these services will be obtained from intrastate or interstate tariffs.

4. If Matrix intends to resell services that are not available under an approved tariff, provide copies of the contracts which govern the terms of the agreement between Matrix and its facilities-based carriers.

5. Provide a clear and legible sketch showing all the switching locations and/or points-of-presence. Show how the facilities obtained from facilities-based carriers will be used to connect these locations. Include local access facilities and identify the local access that will be used.

6. State whether Matrix is aware of the Commission's rules, restrictions, and prohibition against providing intraLATA services by non-local exchange facilities-based carriers. Explain in detail how Matrix will comply with those restrictions.

7. If switching locations and/or points-of-presence are located outside of the Commonwealth of Kentucky, explain how Matrix will ensure that intrastate access charges will be paid.

8. Explain how Matrix will screen intraLATA traffic if it intends to resell services or facilities authorized only for interLATA traffic but which can carry intraLATA traffic.

9. Does Matrix own and/or operate any transmission facilities in the Commonwealth of Kentucky or any other

jurisdiction? If so, explain.

10. Does Matrix have any affiliation with any other company which owns and/or operates any transmission facilities in any jurisdiction? If so, explain.

11. Specify the Kentucky counties which Matrix proposes to serve.

12. Describe how calls will be transported from the customer's premises to the operator service centers. Include identification of Matrix switching locations, operator service locations, and identification of services and providers of the services being resold.

13. Specify the facilities and/or services used by Matrix to transport calls from the customer's premises to Matrix originating points-of-presence, such as the types of access utilized (Feature Groups A, B, or D, Special Access, WATS, etc.). Identify the local exchange companies from whom such access and/or services are purchased.

14. If the location of operator centers is not the same as switching location, specify the facilities and/or services used to bridge operators onto a call placed over the network.

15. Provide a description of how such calls are transported to final termination points. Specify the facilities and/or services used to terminate calls.

16. Provide a copy of all current contracts entered into with any business, institution, and/or corporation for the provision of operator-assisted services by Matrix and/or any of its affiliates.

17. Does Matrix seek authority to provide operator-assisted telecommunications services? If so, is Matrix able to comply with each of the conditions of service detailed in the September 8, 1989 and January 15, 1990 Orders in Administrative Case 330,¹ and the August 3, 1989 Order in Case No. 10002?² Provide a detailed explanation of compliance for each condition of service. Also, provide proposed tariff sheets consistent with the above Orders.

18. Provide an estimate of sales revenues for Matrix's first 2 years of Kentucky operations. Explain how Matrix arrived at these estimates. If estimates are based upon a market study, provide a copy of this study.

19. Provide a listing of financial institutions with which Matrix has a line of credit. State Matrix's credit line with each of these institutions.

20. State whether Matrix is aware of the provisions of the Kentucky Public Service Commission Administrative Case No. 273³ and how it will apply to Matrix's Kentucky operations.

¹ Administrative Case No. 330, Policy and Procedures in the Provision of Operator-Assisted Telecommunications Services.

² Case No. 10002, The Application of International Telecharge Inc., for a Certificate of Public Convenience and Necessity to Operate as a Reseller of Telecommunications Services Within the State of Kentucky.

³ Administrative Case No. 273, An Inquiry Into Inter- and IntraLATA Intrastate Competition in Toll and Related Services Markets in Kentucky.

21. State whether Matrix is aware of the potential impact of Administrative Case Nos. 323 and 328,⁴ now pending before this Commission, that may apply to Matrix's Kentucky operations.

22. Provide a toll-free number or provision for accepting collect calls for customer complaints.

23. Explain in detail the qualifications and experience of personnel directly responsible for the proposed services.

24. Is Matrix aware that "INWATS 800 Service" and "Travel Service" shall only be provided under the following conditions:

a. Matrix shall measure and report interstate and intrastate jurisdictional usage and interLATA and intraLATA usage. Matrix shall file reports with the Commission on a quarterly basis.

b. Matrix shall inform its prospective customers that the use of these services to complete intraLATA calls is not authorized by the Commission.

c. Matrix shall be prepared to compensate local exchange companies for unauthorized call completion.

25. Refer to Sections 3.4.2 and 3.4.3 of the proposed tariff, provide revised tariff sheets that contain objective

⁴ Administrative Case No. 323, An Inquiry Into IntraLATA Toll Competition, an Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality; Administrative Case No. 328, Investigation Into Whether WATS Resellers Should Be Included in the ULAS Allocation Process.

criteria such as specific volumes for EASY WATS I and EASY WATS II customers.

26. In the cover sheet to its application, Matrix stated that "Matrix Telecom, a Texas general partnership seeks to offer discounted long distance services on a per subscriber (1+) basis to the membership of a closed end user group, The National Association for the Self-Employed, NASE." (Emphasis added.) Explain why providing service only to a specific membership group does not violate KRS 278.170 and KRS 278.260.

Done at Frankfort, Kentucky, this 10th day of October, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO APPLY) CASE NO. 90-302
FOR FRANCHISES FROM THE CITIES OF)
BARLOW, DRAKESBORO, MARION AND MORGANFIELD)

O R D E R

On October 1, 1990, Kentucky Utilities Company ("KU") filed with the Commission its application seeking a Certificate of Convenience and Necessity to qualify it to bid on electric franchises in the cities of Barlow, Drakesboro, Marion and Morganfield, Kentucky. Under the provisions of KRS 278.020(3), no utility may apply for a franchise from any governmental agency until it has obtained a Certificate of Convenience and Necessity from this Commission based on its finding that there is a need and demand for the service sought to be rendered.

The Commission determines that there is evidence of a need and demand for electric service in the above-mentioned cities. Since the Commission's authority in such matters is limited by statute to finding only whether there is a need and demand for the service sought to be rendered, no finding or determination is made as to the qualifications of the bidder, the validity of any of the provisions of the franchise offered by said cities, or the manner in which any franchise fee is to be treated for rate purposes.

IT IS THEREFORE ORDERED that:

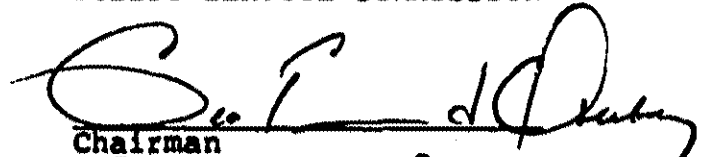
1. KU hereby is granted a Certificate of Convenience and Necessity which authorizes it to bid on an electric franchise in the above-mentioned cities.

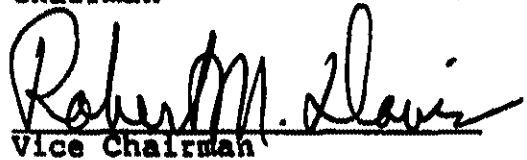
2. KU, if it becomes the successful bidder, shall file with this Commission two copies of the franchise agreements.

3. This Order shall not be construed as granting a Certificate of Convenience and Necessity to construct utility facilities in the said cities.

Done at Frankfort, Kentucky, this 10th day of October, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE FINANCIAL)
CONDITION OF WHITLEY COUNTY WATER) CASE NO. 89-364
DISTRICT NO. 1)

O R D E R

Commission Staff and the receiver of Whitley County Water District No. 1 having agreed to enter into settlement negotiations to resolve the long-term debt problems of Whitley County Water District No. 1 and the Commission finding that the scheduled hearing in this matter should be continued while these negotiations proceed,

IT IS THEREFORE ORDERED that the hearing in this matter scheduled for October 11, 1990 is continued generally.

Done at Frankfort, Kentucky, this 10th day of October, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HEATHER HILL SEWAGE)
PLANT, INC., FOR A RATE ADJUSTMENT) CASE NO.
PURSUANT TO THE ALTERNATIVE RATE FILING) 90-060
PROCEDURE FOR SMALL UTILITIES)

O R D E R

On September 28, 1990, Heather Hill Association ("Association") filed comments to the Amended Staff Report issued on September 11, 1990. The Association also requested an informal conference and a public hearing.

IT IS THEREFORE ORDERED that an informal conference be and it hereby is scheduled for October 18, 1990, at 1:30 p.m., Eastern Daylight Time, in the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky. The Commission will rule upon the Association's request for a public hearing after the informal conference is held.

Done at Frankfort, Kentucky, this 11th day of October, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director