

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF COLUMBIA)	CASE NO. 90-063-A
GAS OF KENTUCKY, INC.)	

O R D E R

On October 10, 1990, the Commission issued its Order in Case No. 90-063 approving certain adjustments in rates and providing under certain conditions for the further adjustments of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On January 30, 1991, Columbia Gas of Kentucky, Inc. ("Columbia") filed its revised semiannual gas cost adjustment ("GCA") which is to become effective March 1, 1991.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Columbia's notice of January 31, 1991 set out certain revisions in rates which Columbia proposed to place into effect, said rates, being designed to pass on to its customers the wholesale increase in gas cost from its suppliers which Columbia calculated to be in the amount of 21.82 cents per Mcf excluding take-or-pay billings.

As part of its GCA, Columbia included in its expected gas cost ("EGC") an amount to recover gas inventory charges ("GICs") charged by Columbia Transmission Corporation

("Transmission"). This treatment of GICs has been disallowed by the Commission.¹ Columbia's EGC should, therefore, be recalculated exclusive of GIC charges and the related tariff change proposal to include GICs in expected gas cost should be denied. Columbia's EGC should also be recalculated to correct an error made by Columbia in pricing FTS-2 volumes from Columbia Gulf Transmission Company. The resulting wholesale increase in gas cost should be \$3,136,534 or 19.34 cents per Mcf. Columbia's EGC for the semi-annual period beginning March 1, 1991 should be recalculated as \$3.7558 per Mcf.

2. Columbia's notice set out a total supplier refund adjustment of 8.13 cents per Mcf. This adjustment is composed of 8.30 cents per Mcf from a previous adjustment and a current adjustment to be applied against the refund adjustment of .17 cents per Mcf, which is calculated to collect a supplier over-refund of \$9,999 including interest.

3. Columbia's notice set out a restated actual cost adjustment ("ACA") of (.1002) cents per Mcf in conformity with the Commission's final Order in Case No. 10498-B. This amount does not include \$386,682 in GICs for which Columbia was billed in December 1990. Columbia had originally proposed in Case No. 10498-B to include an estimate of 1990 GICs in its expected gas cost, as well as in its ACA, both of which were denied by this

¹ Case No. 10498-B, Notice of Purchased Gas Adjustment Filing of Columbia Gas of Kentucky, Inc. Order dated October 25, 1990.

Commission. In the instant filing, Columbia proposed again to include GICs in its EGC in order to begin timely collection of this charge. Pursuant to Columbia's Gas Cost Adjustment clause, the ACA, which the Commission has determined to be the appropriate component of the GCR to recover GICs, is calculated and implemented only once a year to be effective September 1. The Commission agrees that a further 6-month lag in recovery is not in the best interest of Columbia or its customers. In order to ensure timely recovery of GICs already incurred, Columbia's ACA should be recalculated to recover the \$386,682 over the 6 months remaining in the current ACA. Columbia's restated ACA should therefore be (\$.033). In order to ensure timely recovery of future GICs through the ACA without having to deviate from its approved clause on a yearly basis, Columbia should file with this Commission a revised GCA based on more frequent filings.

4. Columbia's notice set out a balancing adjustment in the amount of (1.02) cents per Mcf to reconcile previous balancing and actual adjustments.

5. Columbia's notice set out a fixed charge recovery rate of 6.60 cents per Mcf to recover pipeline contract reformation and take-or-pay charges from its customers.

6. Columbia's adjusted gas cost recovery rate of \$3.6967, which includes the fixed charge recovery rate, represents an increase in retail rates of 53.49 cents per Mcf. This increase is composed of the combined effect of the corrected supplier increase, actual cost, balancing and refund adjustments.

7. Columbia's revised adjustments in rates, under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 90-063 dated October 10, 1990, are fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after March 1, 1991.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Columbia be and they hereby are denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are authorized to be effective with gas supplied on and after March 1, 1991.


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

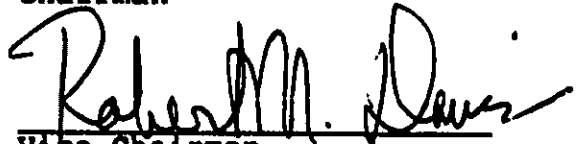
4. Within 60 days of the date of this Order, Columbia shall file a revised periodic GCA which shall provide for no fewer than four GCR filings annually.

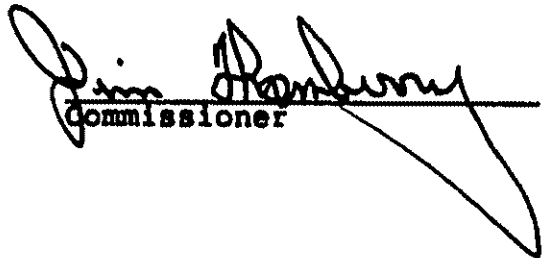
5. The proposed GCA tariff changes relating to GICs in the expected gas cost are hereby denied.

Done at Frankfort, Kentucky, this 1st day of March, 1991.

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-A DATED 3/01/91**

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

	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment</u> \$ 1/	<u>Total Billing Rate</u> \$
<u>RATE SCHEDULE GS</u>			
<u>Residential</u>			
First 1 Mcf or less per Mo.	6.79	3.6967	10.4867
<u>Commercial or Industrial</u>			
First 1 Mcf or less per Mo.	15.10	3.6967	18.7967
Next 49 Mcf per Mo.	1.5392	3.6967	5.2359
Next 150 Mcf per Mo.	1.4943	3.6967	5.1910
Over 200 Mcf per Mo.	1.4495	3.6967	5.1462
<u>Delivery Service</u>			
<u>Demand Charge</u>			
Demand Charge times Firm Mcf Volume in Customer Service Agreement		7.5115	7.5115
Volumetric	1.4495	0.0254	1.4749
<u>RATE SCHEDULE GPS</u>			
<u>Residential</u>			
First 1 Mcf or less per Mo.	6.79	5.3297	12.1197
<u>Commercial or Industrial</u>			
First 1 Mcf or less per Mo.	15.10	5.3297	20.4297
Next 49 Mcf or less per Mo.	1.5392	5.3297	6.8689
Next 150 Mcf or less per Mo.	1.4943	5.3297	6.8240
All Over 200 Mcf per Mo.	1.4495	5.3297	6.7792

RATE SCHEDULE FI

Customer Charge	123.45		123.45
<u>Customer Demand Charge</u>			
Demand Charge times Firm Mcf Volume in Customer Service Agreement		7.5115	7.5115
Commodity Charge-All Volume	0.5066	3.6967	4.2033
<u>Delivery Service</u>			
Interruptible	0.4641	0.0254	0.4895

RATE SCHEDULE IS

Customer Charge	123.45		123.45
Commodity Charge	0.5066	3.6967	4.2033
<u>Delivery Service</u>			
Interruptible	0.4641	0.0254	0.4895

RATE SCHEDULE IUS

For All Volumes Delivered Each Month	0.1584	3.6967	3.8551
<u>Delivery Service</u>	0.1584	1.1132	1.2716

<u>Delivery Service - Mainline</u>	0.1000		0.1000
(D) Decrease			
(I) Increase			

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.