

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COLUMBIA) CASE NO. 94-179-K
GAS OF KENTUCKY, INC.)

O R D E R

On November 1, 1994, in Case No. 94-179, the Commission approved certain adjusted rates for Columbia Gas of Kentucky, Inc. ("Columbia") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On August 1, 1997, Columbia filed its GCA to be effective September 1, 1997 through November 30, 1997. On August 22, 1997, Columbia filed a revision to its GCA to reflect a correction to its actual adjustment.

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

1. Columbia's notice proposed revised rates designed to pass on its expected wholesale increase in gas costs. Columbia's proposed expected gas cost ("EGC") for the quarter beginning September 1, 1997 is \$3.9572.
2. Columbia's notice set out a rate for Banking and Balancing Service of 2.06 cents per Mcf.
3. Columbia's notice set out no take-or-pay refund adjustment.

4. Columbia's notice set out a transportation take-or-pay refund adjustment of .19 cent per Mcf.

5. Columbia's notice set out its actual cost adjustment ("ACA") of 19.69 cents per Mcf which includes a credit for its customers' share of off-system sales revenues in the amount of \$2,040,735. Capacity release credits are embedded in the Cost of Gas Purchased per Books column of Schedule No. 2, Sheet 1 of 2, which supports the ACA calculation. In future GCA clause filings, capacity release credits should be set out separately as are the off-system sales credits for ease of review.

6. Columbia's notice set out a balancing adjustment ("BA") of 6.34 cents per Mcf.

7. Columbia's notice set out a current refund adjustment of 12.24 cents per Mcf to return to its customers supplier refunds of \$2,286,995, including interest. The total refund adjustment of 12.43 cents per Mcf reflects the current as well as previous quarter refund adjustments.

8. Columbia's notice set out a Special Agency Service refund adjustment of .01 cent per Mcf.

9. These adjustments produce a gas cost recovery rate ("GCR") of \$4.0931 per Mcf, 72.46 cents per Mcf less than the prior rate.

10. The revised rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for gas supplied on and after the date of this Order.

11. Columbia requested confidential treatment of spot market data filed in support of its GCA. Publication of such information is likely to cause competitive injury to Columbia and should be protected.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after the date of this Order.

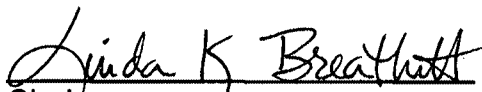
2. Within 30 days of the date of this Order, Columbia shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

3. Columbia's request for confidential treatment of spot market purchase data is hereby granted.

4. In future GCA clause filings, Columbia shall set out capacity release credits separately.

Done at Frankfort, Kentucky, this 11th day of September, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 94-179-K DATED SEPTEMBER 11, 1997

The following rates and charges are prescribed for the customers in the area 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.

CURRENTLY EFFECTIVE BILLING RATES

	<u>Base Rate Charge</u>	<u>Gas Cost Demand</u>	<u>Adjustment Commodity</u>	<u>Total Billing Rate</u>
<u>SCHEDULE GSR</u>				
First 1 Mcf or less per mo.	\$ 8.10	\$ 1.3045	\$ 2.7886	\$12.1931
Over 1 Mcf per mo.	2.1800	\$ 1.3045	\$ 2.7886	6.2731
<u>RATE SCHEDULE GSO</u>				
Commercial or Industrial				
First 1 Mcf or less	22.00	\$ 1.3045	\$ 2.7886	26.0931
Next 49 Mcf per mo.	2.1800	\$ 1.3045	\$ 2.7886	6.2731
Next 350 Mcf per mo.	2.1149	\$ 1.3045	\$ 2.7886	6.2080
Next 600 Mcf per mo.	2.0149	\$ 1.3045	\$ 2.7886	6.1080
Over 1,000 Mcf per mo.	1.8409	\$ 1.3045	\$ 2.7886	5.9340
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
<u>Standby Service Demand Charge</u>				
Demand Charge times Daily				
Firm Vol. (Mcf) in Cust.				
Serv. Agrmt.				
		9.2717		9.2717
<u>Delivery Rate Per Mcf</u>				
First 400 Mcf per mo.	2.1149			2.1149
Next 600 Mcf per mo.	2.0149			2.0149
Over 1,000 Mcf per mo.	1.8409			1.8409
Former IN8 Rate per Mcf	1.0575			1.0575
Banking & Balancing Service		0.0206		0.0206

RATE SCHEDULE IS

<u>Customer Charge per mo.</u>	\$135.79		\$135.79
First 30,000 Mcf	.6368	\$2.7886	3.4254
Over 30,000 Mcf	.3384	2.7886*	3.1270

Standby Service Demand Charge

Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agree.		9.2717	9.2717
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Delivery Service

Administrative Charge	65.00		65.00
First 30,000 Mcf	0.6368		0.6368
Over 30,000 Mcf	0.3384		0.3384
Banking & Balancing Service		0.0206	0.0206

RATE SCHEDULE IUS

For all Volumes Delivered Each Month	.3539	1.3045	2.7886	4.4470
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Delivery Service

Administrative Charge	65.00		65.00
Delivery Rate Per Mcf	.3539	1.3045	1.6584
Banking & Balancing Service		0.0206	0.0206

Mainline Delivery Service

Administrative Charge	65.00		65.00
Delivery Rate Per Mcf	0.1000		0.1000
Banking & Balancing Service		0.0206	0.0206

RATE SCHEDULE IN6 - INDUSTRIAL AND COMMERCIAL

Commodity Charge	1.7363	1.3045	2.7886	5.8294
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RATE SCHEDULE IN7 - SMALL COMMERCIAL

Commodity Charge	.5924	1.3045	2.7886	4.6855
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*IS customers may be subject to the demand gas cost, under the conditions set forth on Sheets 14 and 15 of this tariff.