

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

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 July 31, 1998, Columbia filed its GCA to be effective September 1, 1998 to November 30, 1998.

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

1. Columbia's notice proposed revised rates designed to pass on its expected decreased wholesale gas costs to its customers. Columbia's proposed expected gas cost ("EGC") for the quarter beginning September 1, 1998 is \$4.0012 per Mcf, a decrease of 11.25 cents per Mcf from Columbia's last EGC.
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 no transportation take-or-pay refund adjustment.
5. Columbia's notice set out a current quarter refund adjustment ("RA") of .81 cent per Mcf to return \$139,973, including interest, to Columbia's customers. The total RA of 1.63 cents per Mcf reflects the current as well as previous quarter adjustments, and represents a 11.43 cent per Mcf change from the RA last approved for Columbia.
6. Columbia's notice set out its annual actual cost adjustment ("ACA") of 4.98 cents per Mcf to collect under-recovered gas cost from the twelve months ended June 30, 1998. The ACA includes off-system sales revenues to be returned to customers in the amount of \$3,080,055. The ACA is 14.71 cents per Mcf lower than the previous ACA.
7. Columbia's notice set out a six-month balancing adjustment ("BA") of (.17) cent per Mcf to reconcile variances from previous refund and balancing adjustments. The BA is 16.74 cents per Mcf lower than the previous BA.
8. Columbia's notice set out a Special Agency Service refund adjustment of .01 cent per Mcf, which remains unchanged from the prior rate.
9. The combined effect of the above adjustments is Columbia's gas cost recovery rate ("GCR") of \$4.0329 per Mcf, which is 31.27 cents per Mcf less than its previous GCR of \$4.3456 per Mcf.
10. The 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 September 1, 1998.

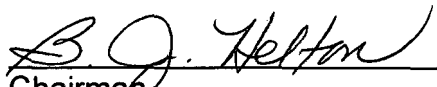
11. Columbia requested confidential treatment of spot market data filed in support of its GCA. Publication of such information is likely to cause competitive injury to Columbia and should be protected.


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 September 1, 1998.
2. Within 30 days of the date of this Order, Columbia shall file with this Commission its revised tariffs setting out the rates authorized herein.
3. Columbia's request for confidential treatment of spot market purchase data is hereby granted.

Done at Frankfort, Kentucky, this 1st day of September, 1998.


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-O DATED SEPTEMBER 1, 1998

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 Adjustment Demand</u>	<u>Commodity</u>	<u>Total Billing Rate</u>
<u>SCHEDULE GSR</u>				
First 1 Mcf or less per mo.	\$8.10	\$1.4765	\$2.5564	\$12.1329
Over 1 Mcf per mo.	2.1800	1.4765	2.5564	6.2129
<u>RATE SCHEDULE GSO</u>				
Commercial or Industrial				
First 1 Mcf or less per mo.	22.00	1.4765	2.5564	26.0329
Next 49 Mcf per mo.	2.1800	1.4765	2.5564	6.2129
Next 350 Mcf per mo.	2.1149	1.4765	2.5564	6.1478
Next 600 Mcf per mo.	2.0149	1.4765	2.5564	6.0478
Over 1000 Mcf per mo.	1.8409	1.4765	2.5564	5.8738
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
<u>Standby Service Demand Charge</u>				
Demand Charge Times Daily Firm Vol. (Mcf) In Customer Service Agreement		8.9212		8.9212
<u>Delivery Rate Per Mcf</u>				
First 400 Mcf per mo.	2.1149			2.1149
Next 600 Mcf per mo.	2.0149			2.0149
All Over 1000 Mcf per mo.	1.8409			1.8409
Former IN8 Rate	1.0575			1.0575
Banking and Balancing Service		0.0206		0.0206

RATE SCHEDULE IS

<u>Customer Charge per mo.</u>	\$135.79			\$135.79
First 30,000 Mcf	.6368		2.5564*	3.1932
Over 30,000 Mcf	.3384		2.5564*	2.8948

Standby Service Demand Charge

Demand Charge Times Daily Firm Vol. (Mcf) in Customer Service Agreement		8.9212		8.9212
--	--	--------	--	--------

Delivery Service

Administrative Charge	65.00			65.00
First 30,000 Mcf	.6368			.6368
Over 30,000 Mcf	.3384			.3384
Banking and Balancing Service		.0206		.0206

RATE SCHEDULE IUS

For All Volumes Delivered Each Month	.3539	1.4765	2.5564	4.3868
---	-------	--------	--------	--------

Delivery Service

Administrative Charge	65.00			65.00
Delivery Rate per Mcf	.3539	1.4765		1.8304
Banking and Balancing Service		0.0206		0.0206

Mainline Delivery Service

Administrative Charge	65.00			65.00
Delivery Rate per Mcf	0.1000			0.1000
Banking and Balancing Service		0.0206		0.0206

RATE SCHEDULE IN6 – INDUSTRIAL AND COMMERCIAL

Commodity Charge	1.7363	1.4765	2.5564	5.7692
------------------	--------	--------	--------	--------

RATE SCHEDULE IN7 – SMALL COMMERCIAL

Commodity Charge	.5924	1.4765	2.5564	4.6253
------------------	-------	--------	--------	--------

*IS customers may be subject to the demand gas cost, under the conditions set forth on Shetts 14 and 15 of this tariff.