

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF INTERSTATE ) CASE NO.  
NATURAL GAS COMPANY ) 2004-00356

O R D E R

On September 2, 2004, Interstate Natural Gas Company ("Interstate Gas") submitted a tariff to the Commission setting forth proposed rates, rules, and regulations to operate as a farm tap system pursuant to KRS 278.485. Finding that additional proceedings were necessary to determine the reasonableness of the proposed tariff, the Commission suspended the rates.

It is unclear from the tariff submitted on September 2, 2004 whether Interstate Gas is requesting approval to continue providing service to customers under the same rates that previous suppliers had charged prior to Interstate Gas acquiring the gas pipelines or whether it is proposing new rates. Therefore, Commission Staff requested that Interstate Gas provide additional information to support the rates proposed. Interstate Gas provided the requested information on March 25, 2005. Included in its response was a request that the Commission, based on the information provided, approve rates higher than those originally proposed in its tariff filing of September 2, 2004. Interstate Gas stated that it notified its customers of the proposed increase, as required by 807 KAR 5:026, on February 25, 2005.

The Commission, having reviewed the record and being otherwise sufficiently advised, finds that Interstate Gas is providing gas pursuant to KRS 278.485 to

customers in Pike, Floyd, Leslie, Perry, Lawrence, Johnson, Knott, Letcher, Lee, Morgan, Magoffin, and Martin counties in Kentucky. Therefore, the rates charged by Interstate Gas require Commission approval. We find that Interstate Gas has provided sufficient information to support the rates proposed in its tariff submitted on September 2, 2004 and those rates should be approved.

As to the March 25, 2005 request for an increase in rates, the Commission finds that additional information is required, pursuant to 807 KAR 5:026, Section 9, before those rates can be considered by the Commission. To complete the filing of that request, Interstate Gas should file a proposed tariff setting forth the proposed rates and the proposed effective date of those rates. It should also provide the Commission with a copy of the notice sent to its customers. We find that, when this information is provided by Interstate Gas, the request for an increase in rates should be established as a separate proceeding and assigned a new case number.

The Commission has received several letters from customers of Interstate Gas expressing their concerns about the rate increase. We find that these letters should be taken into consideration when we consider Interstate Gas's proposal to increase rates. Therefore, after Interstate Gas files the necessary documents for its rate adjustment request and the Commission establishes the new case, the record in this case should be incorporated therein. Interstate Gas should be assured that the establishment of a new case to process its request for an increase in rates will be addressed as expeditiously as possible.

IT IS THEREFORE ORDERED that:

1. The tariff filed by Interstate Gas on September 2, 2004 is approved.

2. Within 20 days of the date of this Order, Interstate Gas shall file a new tariff which sets forth the rates approved herein and states that the tariff is issued pursuant to this Order.

3. If Interstate Gas wishes to complete the filing of its request for an increase in rates as discussed herein, it shall file a new tariff setting forth the proposed rates and the proposed effective date thereof and shall file a copy of the notice sent to customers advising of its proposal to increase rates.

Done at Frankfort, Kentucky, this 20<sup>th</sup> day of June, 2005.

By the Commission

ATTEST:



Executive Director