

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF COLUMBIA GAS OF)	CASE NO.
KENTUCKY, INC.)	2018-00150

ORDER

On December 22, 2016, in Case No. 2016-00162,¹ the Commission approved rates for Columbia Gas of Kentucky, Inc. (“Columbia”) and provided for their further adjustment in accordance with Columbia’s Gas Cost Adjustment (“GCA”) clause.

On May 1, 2018, Columbia filed its proposed GCA to be effective May 31, 2018. After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Columbia’s notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Columbia’s Expected Gas Cost (“EGC”) is \$4.5338 per Mcf, which is an increase of \$.0348 per Mcf from its previous EGC of \$4.4990 per Mcf.
3. Columbia’s notice sets out a rate for Banking and Balancing Service of \$.0216 per Mcf, which is no change from its previous Banking and Balancing Service.
4. Columbia’s notice sets out no Refund Adjustment.

¹ Case No. 2016-00162, *Application of Columbia Gas of Kentucky, Inc. for an Increase in Base Rates* (Ky. PSC Dec. 22, 2016).

5. Columbia's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.4147) per Mcf. Columbia's total ACA is (\$.5130) per Mcf, which is a decrease of \$.7660 per Mcf from its previous total ACA of \$.2530 per Mcf.

6. Columbia's notice sets out a Balancing Adjustment ("BA") of \$1.0089 per Mcf, which is an increase of \$.7137 per Mcf from its previous BA of \$.2952 per Mcf.

7. Columbia's notice sets out no Special Agency Service ("SAS") refund adjustment.

8. Columbia's notice sets out a Performance Based Rate ("PBR") Adjustment of \$.3479 per Mcf, which is a decrease of \$.0069 per Mcf from its previous PBR adjustment of \$.3548 per Mcf.

9. Columbia's GCA is \$5.3776 per Mcf, which is a decrease of \$.0244 per Mcf from the previous GCA of \$5.4020 per Mcf.

10. The rates as proposed by Columbia and set forth in Appendix A to this Order are fair, just, and reasonable and should be approved for billing beginning on May 31, 2018.

11. Columbia's future GCA applications should include an electronic version containing the supporting calculations used to compute the GCA in Excel spreadsheet format with all formulas intact and unprotected, and with all columns and rows accessible.

12. The Commission last reviewed the natural gas procurement practices of the five largest jurisdictional Local Distribution Companies ("LDC") through a focused audit performed by Liberty Consulting Group as a result of Administrative Case No.

384.² The Commission finds that sufficient time has elapsed since the consultant's report was issued that it is reasonable to require the LDCs to provide updated information concerning their gas procurement activities and their efforts to ensure they are maximizing the opportunity to pass along gas cost savings to their customers, consistent with security of supply, during this time of plentiful and low-cost gas supplies. The Commission further finds that Columbia should file responses to the requests for information set forth in Appendix B to this Order when it files its next GCA Application on or about August 1, 2018, for rates effective for the September 2018 billing cycle.

a. Responses to requests for information shall be appropriately bound, tabbed, and indexed and shall include the name of the witness responsible for responding to questions related to the information provided, with the original and six copies in paper medium and an electronic version to the Commission.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. Columbia shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

² Administrative Case No. 384, *An Investigation of Increasing Wholesale Natural Gas Prices and the Impacts of Such Increases on the Retail Customers Served by Kentucky's Jurisdictional Natural Gas Distribution Companies* (Ky. PSC July 17, 2001).

d. For any request to which Columbia fails or refuses to furnish all or part of the requested information, Columbia shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

e. Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

f. When filing a paper containing personal information Columbia shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that the personal information cannot be read.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Columbia and set forth in Appendix A to this Order are approved for billing beginning on May 31, 2018.

2. Columbia shall file responses to the requests for information in Appendix B along with its GCA application for rates effective with the September 2018 billing cycle.

3. Within 20 days of the date of entry of this Order, Columbia shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

4. Columbia's future GCA applications shall include the information required in finding paragraph 11.

5. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00150 DATED **MAY 16 2018**

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 the authority of the Commission prior to the effective date of this Order.

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge	Gas Cost Adjustment ^{1/} Demand	Commodity	Total Billing Rate
	\$	\$	\$	\$
<u>SALES SERVICE</u>				
<u>RATE SCHEDULE GSR</u>				
Delivery Charge per Mcf	3.5665	1.4811	3.8965	8.9441
<u>RATE SCHEDULE GSO</u>				
<u>Commercial or Industrial</u>				
First 50 Mcf or less per billing period	3.0181	1.4811	3.8965	8.3957
Next 350 Mcf per billing period	2.3295	1.4811	3.8965	7.7071
Next 600 Mcf per billing period	2.2143	1.4811	3.8965	7.5919
Over 1,000 Mcf per billing period	2.0143	1.4811	3.8965	7.3919
<u>RATE SCHEDULE IS</u>				
First 30,000 Mcf per billing period	0.6285		3.8965 ^{2/}	4.5250
Next 70,000 Mcf per billing period	0.3737		3.8965 ^{2/}	4.2702
Over 100,000 Mcf per billing period	0.3247		3.8965 ^{2/}	4.2212
Firm Service Demand Charge				
Demand Charge times Daily Firm Volume (Mcf) in Customer Service Agreement		7.0175		7.0175

¹ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of Columbia's Tariff. The Gas Cost Adjustment applicable to a customer who is receiving service under Rate Schedule GS or IUS and received service under Rate Schedule SVGTS shall be \$4.5338 per Mcf only for those months of the prior 12 months during which they were served under Rate Schedule SVGTS.

² IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of Columbia's tariff.

RATE SCHEDULE IUS

Delivery Charge per Mcf	1.1544	1.4811	3.8965	6.5320
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TRANSPORTATION SERVICE

RATE SCHEDULE SS

Standby Service Demand Charge per Mcf				
Demand Charge times Daily Firm				
Volume (Mcf) in Customer Service Agreement		7.0175		7.0175
Standby Service Commodity Charge per Mcf			3.8965	3.8965

RATE SCHEDULE DS

Banking and Balancing Service				
Rate per Mcf		0.0216		0.0216

RATE SCHEDULE MLDS

Banking and Balancing Service				
Rate per Mcf		0.0216		0.0216

RATE SCHEDULE SVGTS

Base Rate
\$

<u>General Service Residential (SGVTS GSR)</u>	
Delivery Charge per Mcf	3.5665

General Service Other–Commercial or Industrial (SVGTS GSO)

First 50 Mcf or less per billing period	3.0181
Next 350 Mcf per billing period	2.3295
Next 600 Mcf per billing period	2.2143
Over 1,000 Mcf per billing period	2.0143

Intrastate Utility Service

Delivery Charge per Mcf	1.1544
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Billing Rate
\$

<u>Actual Gas Cost Adjustment</u> ^{3/}	0.8454
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RATE SCHEDULE SVAS

Balancing Charge–per Mcf	1.2810
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³ The Gas Cost Adjustment is applicable to a customer who is receiving service under Rate Schedule SVGTS and received service under Rate Schedule GS, IS, or IUS for only those months of the prior twelve months during which they were served under Rate Schedule GS, IS, or IUS.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00150 DATED **MAY 16 2018**

1. Provide copies of all interstate pipeline transportation and storage contracts and tariffs utilized during the most recent year. Provide a comparison of the terms of these transportation arrangements with those that were utilized during the five previous calendar years. Provide an explanation of all efforts to ensure that interstate pipeline transportation costs are/were the lowest possible cost.

2. Provide copies of all current contracts for commodity supply. Provide a comparison of the terms of these commodity supply arrangements with those that were utilized during the five previous calendar years. Provide an explanation of all efforts to ensure that commodity gas supply costs are/were the lowest possible cost, consistent with security of supply.

3. Provide gas supply and capacity contract summaries showing significant contract terms, daily/monthly/annual entitlements, and pricing. Identify any capacity changes (renegotiated and expired agreements, de-contracting, assignment, or long-term release) that took place during the most recent year.

4. Provide Columbia's storage arrangements; state the maximum daily injection and withdrawal rates and the decline in deliverability that occurs as gas is withdrawn.

5. Provide the capacity of any peaking arrangements.

6. Provide a copy of any written procedures in use by Columbia for nominations and dispatching.

7. If Columbia has utilized gas marketing/trading organizations to obtain gas supplies over the last five years, indicate which organizations were so employed, gas volumes purchased, prices, terms, and current contractual arrangements between Columbia and these marketing firms.

8. Provide a summary of the bidding/Request for Proposal process for gas supply for the last five years, providing the original bid documents, a listing of the suppliers that were contacted, the responses to the request for bid, the evaluation process that led to the selection of a supplier, and any written procedures that exist for this activity.

9. Provide a copy of Columbia's most recent gas supply plan and a written description of its gas supply planning process.

10. Provide a narrative description of any supply-planning computer models currently being used by Columbia, or being considered for future use.

11. Provide organization charts of the overall corporate organization and of the gas planning, gas purchasing, and gas operations functions. Describe any changes that have occurred in the corporate, gas planning and purchasing, and gas operations organizations in the last five years, and any changes that are underway or contemplated within the next five years.

12. Provide job descriptions of the personnel working in the gas planning, gas purchasing, and gas operations functions.

13. Provide copies of reports or internal audits or reviews of any aspect of the supply function conducted within the last five years. Include reports prepared by Columbia and outside auditors.

14. Provide a copy of Columbia's strategic plan with primary emphasis on gas procurement, transmission, delivery, expansion and inclusive of any significant related capital expenditures.

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