

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF COLUMBIA)
GAS OF KENTUCKY, INC., FOR)
AUTHORITY TO REVISE ITS) CASE NO. 7691
TARIFF TO PROVIDE FOR A)
DELAYED PAYMENT PENALTY)

O R D E R

On November 26, 1979, Columbia Gas of Kentucky, Inc., ("Columbia"), filed with the Energy Regulatory Commission ("Commission"), an application for authority to revise its tariff to provide for a delayed payment penalty. The application further requested that the filling of data required by 807 KAR 50:005 (formerly 807 KAR 1:010), Section 9, and formal hearing be waived.

The Commission, having reviewed the application and tariff, having considered the evidence, and being sufficiently advised, FINDS:

(1) Columbia presently charges a penalty of six percent (6%) on past due accounts of customers served under rate schedules FC-1, FI-1, FI-2, IS-1, and IUS-1. No penalty is provided for customers served under other rate schedules.

(2) The proposed tariff revision provides a delayed payment penalty of one and one-half percent (1½%) per month on overdue accounts of \$2,000 or more, accruing on the unpaid portion of the bill from the due date until the date of payment. The penalty would be applicable to all rate schedules, but would be unlikely to effect residential customers due to the magnitude of past due bill accumulation necessary before the penalty could be imposed.

(3) Columbia has experienced sizeable cash flow deficiencies as a result of the failure of large volume users to pay bills when due, necessitating the borrowing of funds by the utility to replace such deficiencies at a higher interest rate than can be recovered under present tariff provisions.

(4) The proposed delayed payment penalty would attribute such costs to those users responsible for them, is fair just and reasonable, and should be approved.

