

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF PENDLETON)	CASE NO. 5988-UU
COUNTY WATER DISTRICT, GAS)	
DIVISION)	

O R D E R

On March 29, 1974, the Commission issued its Order in Case No. 5988 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On December 1, 1981, Columbia Gas Transmission Corporation ("Transmission") filed with the Federal Energy Regulatory Commission ("FERC") a general rate increase proposed to become effective January 1, 1982.

On December 10, 1981, Pendleton County Water District, Gas Division ("Pendleton") notified the Commission that its wholesale cost of gas would be increased by its supplier Transmission, effective January 1, 1982, and submitted with its notice certain information in compliance with this Commission's Order of March 29, 1974. The notice set out certain revisions in rates which Pendleton proposed to place in effect, said rates being designed to pass on the wholesale purchase price from its supplier in the amount of \$26,375.

On November 9, 1978, the Natural Gas Policy Act of 1978, was signed into law which established significantly higher rates for producers of certain categories of natural gas. This federal legislation has resulted in higher gas costs to interstate pipeline companies serving the various gas consuming states, including Kentucky. Once the FEEC approves the right of these interstate transmission companies to pass this increased cost on to its distribution company customers, state commissions must, in turn pass on the matter of intrastate distributors recovering their increased cost of gas by adjusting their basic rates to their customers.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds that:

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the FERC in approving these supplier increases. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

2. The FERC approval of a wholesale rate increase to a Kentucky gas retailer requires approval by the Commission of rates that will permit the Kentucky utility to adjust its customer charges to reflect the added purchase cost, or alternately the utility must absorb the added cost. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unjust to the Company and would ultimately result in higher rates to their consumers in any event.

3. When the FERC "accepts" Transmission's filing, Transmission will begin charging Pendleton the new rates. This Order cannot be implemented until and unless this occurs.

4. Pendleton's supplier, Transmission, on December 1, 1981, filed with the FERC for increased rates to become effective January 1, 1982, and that the increase sought by Pendleton reflects Transmission's rates as so filed.

5. The Commission should allow Pendleton to place into effect, subject to refund, the rates set out in Appendix A as soon as Transmission filing is "accepted" by FERC.

6. Pendleton's adjustment in rates under the purchased gas adjustment clause approved by the Commission in its Order in Case No. 5988 dated March 29, 1974, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that the purchased gas adjustment contained in Appendix A of this Order be and hereby is approved, effective on and after the date the increase in the cost of wholesale gas requested by Transmission is accepted by FERC.

IT IS FURTHER ORDERED that the rates contained in Appendix A shall be placed into effect, subject to refund, pending final determination by FERC of the rates contained in Transmission's December 1, 1981, filing in Docket No. RP81-83.

IT IS FURTHER ORDERED that Pendleton shall maintain its records in such manner as will enable it, or the Commission, or any of its customers to determine the amount to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the purchased gas adjustment clause of Pendleton the base rate for purchased gas shall be:

	<u>Commodity</u>
Columbia Gas Transmission Corporation	
Schedule SGS	\$3.5666 per dth

IT IS FURTHER ORDERED that the information furnished this Commission by Pendleton on December 10, 1981, constitutes full compliance with the Commission's Order in Case No. 5988 and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within 30 days after the date the increased cost of gas becomes effective, Pendleton shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 23rd day of December, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Cook
Chairman

~~_____
Vice Chairman~~

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Commissioner~~

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
 COMMISSION IN CASE NO. 5988-UU DATED
 DECEMBER 23, 1981

The following rates are prescribed for the customers in the area served by Pendleton County Water District, Gas Division. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

<u>RATES:</u>	<u>Monthly</u>	<u>Rates Per Unit</u>
<u>Residential:</u>		
First	1,000 cu. ft. (Minimum Bill)	\$5.50
Next	1,000 per hundred cu. ft.	.4919
Next	4,000 per hundred cu. ft.	.4666
Over	6,000 per hundred cu. ft.	.4616
<u>Commercial:</u>		
First	20,000 cu. ft. per hundred	\$.4616
Next	10,000 cu. ft. per hundred	.4566
Next	10,000 cu. ft. per hundred	.4516
Next	10,000 cu. ft. per hundred	.4466
Over	50,000 cu. ft. per hundred	.4416
Minimum Bill	\$6.05 per hundred	
<u>Industrial:</u>		
All gas per Mcf		\$4.3755
<u>Special Contracts:</u>		
<u>Interruptible Service:</u>		
Griffin Industries, Inc., Per Mcf		\$3.9065
<u>Firm Gas Service:</u>		
MAGO Construction Co., Inc., Per Mcf		\$4.1194