

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF COLUMBIA GAS OF )  
KENTUCKY FOR AUTHORITY TO )  
ADJUST RATES IN ACCORDANCE ) CASE NO. 7273-BB  
WITH THE PURCHASED GAS )  
ADJUSTMENT PROCEDURE )

O R D E R

On September 25, 1981, Columbia Gas Transmission Corporation ("Transmission") filed with the Federal Energy Regulatory Commission ("FERC") a rate increase proposed to be effective November 1, 1981. The Commission has no jurisdiction in that case.

On November 9, 1978, the President of the United States signed into law the Natural Gas Policy Act of 1978, 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 FERC 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.

On April 23, 1979, this Commission issued its Order in Case No. 7273, approving certain adjustments in the rates of Columbia Gas of Kentucky, Inc., ("Columbia") and providing under certain conditions for further adjustment of rates when the wholesale cost of gas is increased or decreased.

On October 12, 1981, Columbia notified the Commission that its wholesale cost of gas would be increased by its supplier, Transmission, effective November 1, 1981, and submitted with its notice certain information in compliance with this Commission's Order of April 23, 1979.

The purpose of this filing is to track the conversion of Transmission's current rates effective September 1, 1981, from a Mcf to a dekatherm basis pursuant to Article XVI of its Stipulation and Agreement in Docket No. RP78-19, et. al., approved by the FERC on July 3, 1979. Said Article directed Transmission to convert to dekatherm rates by November 1, 1981.

The notice set out certain revisions in rates which Columbia proposed to place in effect, said rates being designed to pass on the wholesale purchase price from its supplier in the amount of \$998,500 or \$.034 per thousand cubic feet.

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 federal energy regulatory agency 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 its consumers in any event.

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

4. Columbia's supplier, Transmission, has filed with the FERC for increased rates to become effective November 1, 1981.

5. Columbia's application filed October 12, 1981, does not provide the Commission with the 20-day statutory notice, therefore the rates should be effective on and after November 2, 1981.

6. The Commission should allow Columbia to place into effect, subject to refund, the rates in Appendix A as soon as Transmission's filing is "accepted" by FERC, but not prior to November 2, 1981.

7. Columbia's adjustment in rates under the purchased gas adjustment clause approved by the Commission in its Order in Case No. 7273 dated April 23, 1979, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective, but not prior to November 2, 1981.

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 but not prior to November 2, 1981.

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 September 25, 1981, filing in Docket No. RP80-146.

IT IS FURTHER ORDERED that the information furnished this Commission by Columbia on October 12, 1981, constitutes full compliance with the Commission's Order in Case No. 7273 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 wholesale gas becomes effective, Columbia shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 4th day of November,  
1981.

PUBLIC SERVICE COMMISSION

Marlin W. Voh  
For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
 COMMISSION IN CASE NO. 7273-BB DATED  
 NOVEMBER 4, 1981

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 the Commission prior to the date of this Order.

RATES:

<u>Rate Schedule GS</u>	<u>Rate per Mcf</u>
<u>Residential</u>	
First 1 Mcf or less per month	\$5.660
Next 49 Mcf per month	4.384
Next 50 Mcf per month	4.334
Next 100 Mcf per month	4.304
Next 800 Mcf per month	4.274
Over 1,000 Mcf per month	4.254
Minimum Monthly Charge	5.66
<u>Commercial and Industrial</u>	
First 1 Mcf or less per month	\$5.885
Next 49 Mcf per month	4.535
Next 50 Mcf per month	4.485
Next 100 Mcf per month	4.455
Next 800 Mcf per month	4.425
Over 1,000	4.405
Minimum Monthly Charge	5.88
<u>Rate Schedule AC-1: (Canceled)</u>	
<u>Rate Schedule FC-1</u>	
<u>Firm</u>	
First 1,000 Mcf per month	\$4.336
Over 1,000 Mcf per month	4.286

<u>Rate Schedule (Cont'd)</u>	<u>Rate per Mcf (Cont'd)</u>
<u>Curtaillable</u>	
All Volume	\$4.136
<u>Rate Schedule FI-1</u>	
<u>Firm</u>	
First 5,000 Mcf per month	\$4.283
Over 5,000 Mcf per month	4.253
<u>Interruptible</u>	
All Volume	\$4.073
<u>Rate Schedule FI-2</u>	
<u>Firm</u>	
First 50,000 Mcf per month	\$4.182
Over 50,000 Mcf per month	4.112
<u>Interruptible</u>	
All Volume	\$4.022
<u>Rate Schedule IS-1</u>	
<u>April through November</u>	
For all Volumes delivered each month up to and including average monthly Winter Volumes	\$4.482
For all Volumes in excess of the average monthly Winter Volumes	\$4.082
<u>December through March</u>	
All Mcf	\$4.482
<u>Rate Schedule IUS-1</u>	
All Volumes	\$4.127

The base rates for the future application of the purchased gas adjustment clause are:

Columbia Gas Transmission Corporation

Zone 1 - Rate per Dth

	<u>Demand</u>	<u>Commodity</u>
Schedule CDS	\$2.34	322.49¢
Schedule WS		
Demand	\$0.90	
Winter Contract Quantity	1.34¢	

Zone 3 - Rate per Dth

Schedule CDS	\$2.40	332.82¢
Schedule WS		
Demand	\$0.93	
Winter Contract Quantity	1.39¢	

Columbia LNG Corporation

LNG - Rate per Mcf	\$ 5.105
Transportation - Rate per Dth	
Zone No. 1	25.92¢
Zone No. 3	26.78¢

Columbia Gas Transmission Corporation

<u>Crawford Storage Service</u>	<u>Rate per Dth</u>
Storage Service Quantity	4.50¢
Quantity Injected	.23¢
Quantity Withdrawn	.23¢
Quantity Transportation	15.14¢
Fuel and Gas Lost Percentage	2.47%