

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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

O R D E R

On April 23, 1979, this Commission issued its Final 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 September 30, 1980, Columbia Gas Transmission (Transmission) filed with the Federal Energy Regulatory Commission (FERC) a general rate increase proposed to become effective November 1, 1980. That filing was suspended by FERC for a period of five months until April 1, 1981.

On March 13, 1981, Transmission filed with FERC a revised tariff that is to become effective April 1, 1981. The Commission has no jurisdiction in that case.

On March 11, 1981, the Applicant notified the Commission that its wholesale cost of gas would be increased by its supplier, Columbia Gas Transmission Corporation (Transmission) effective April 1, 1981, and submitted with its Notice certain information in compliance with this Commission's Order of April 23, 1979.

On March 17, 1981, Columbia filed a revision to its application filed on March 11, 1981, requesting an annual increase in revenue of \$2,203,100 to become effective April 1, 1981. Columbia's revised application reduces the PGA factor from \$.075 per Mcf contained in its application filed March 11, 1981, to \$.064 per Mcf. The annual increase in revenue has been reduced from \$2,203,100 to \$1,995,900. This revised application tracks the revised rates of Columbia's supplier, Transmission, issued March 13, 1981, to become effective April 1, 1981.

The revised Notice, filed March 17, 1981, set out certain revisions in rates which the Applicant proposed to place in effect, said rates being designed to pass on the wholesale purchase price from its supplier in the amount of \$1,995,900 or .064 per Mcf.

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.

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

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 Federal Energy Regulatory Commission 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. That the Applicant's supplier, Transmission has filed with the FERC for increased rates to become effective April 1, 1981.

4. That this increase reflects Transmission's rates as filed with FERC on March 13, 1981, to be effective April 1, 1981.

5. That the Applicant'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 April 1, 1981.

IT IS THEREFORE ORDERED that said Purchased Gas Adjustment sought by the Applicant and adjusted as aforesaid mentioned be and the same is hereby approved to be effective with gas supplied on and after April 1, 1981 as set out in Appendix "A" attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Columbia Gas of Kentucky, Inc., shall maintain its record 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 the information furnished this Commission by Applicant on March 11, 1981 and March 17, 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 thirty (30) days after the date the increased cost of wholesale gas becomes effective, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 13th day of April, 1981.

PUBLIC SERVICE COMMISSION


By the Commission

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
 COMMISSION IN CASE NO. 7273-R DATED APRIL 13,
 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:

Rate Schedule G-1

Rate Per M. C. F.

Residential

First	1 MCF per month	\$4.944
Next	49 MCF per month	3.668
Next	50 MCF per month	3.618
Next	100 MCF per month	3.588
Next	800 MCF per month	3.558
Over	1,000 MCF per month	3.538
	Minimum Monthly Charge	4.94

Commercial and Industriail

First	1 MCF per month	\$5.169
Next	49 MCF per month	3.819
Next	50 MCF per month	3.769
Next	100 MCF per month	3.739
Next	800 MCF per month	3.709
Over	1,000 MCF per month	3.689
	Minimum Monthly Charge	5.17

Rate Schedule AC-1: (Canceled)

Rate Schedule FC-1

Firm

First	1,000 MCF per month	\$3.620
Over	1,000 MCF per month	3.570

Curtaillable

All Volume		\$3.420
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Rate Schedule FI-1

Firm

First 5,000 MCF per month	\$3.567
Over 5,000 MCF per month	3.537

Interruptible

All Volume	\$3.357
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Rate Schedule FI-2

Rate Per M.C.F.

Firm

First 50,000 MCF per month	\$3.466
Over 50,000 MCF per month	3.396

Interruptible

All Volume	\$3.306
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Rate Schedule IS-1

April through November

For all Volumes delivered each month up to and including average monthly Winter Volumes	\$3.766
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For all Volumes in excess of the average monthly Winter Volumes	\$3.366
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December through March

All MCF	\$3.766
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Rate Schedule IUS-1

All Volumes	\$3.411
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The base rates for the future application of the Purchased Gas Adjustment Clause are:

Columbia Gas Transmission Corporation

<u>Zone 1</u>	<u>Demand Per MCF</u>	<u>Commodity Per MCF</u>
Schedule CDS	\$2.45	272.97¢
Schedule WS		
Demand	\$0.95	
Winter Contract Quality	1.45¢	

Zone 3

Schedule CDS

Demand
Per MCF

Commodity
Per MCF

\$2.45

272.97¢

Schedule WS

Demand

\$0.95

Winter Contract Quantity

1.45¢

Columbia LNG Corporation

Transporation

27.43¢

LNG, All Volumes

\$4.79

Crawford Storage Volumes

Demand

Storage Service Quantity

7.25¢

Quantity Injected

.24¢

Quantity Withdrawn

.24¢

Quantity Transporation

15.56¢

Fuel and Gas Lost Percentage

2.47%