

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOHNSON COUNTY GAS CO., INC.)
VAN LEAR, KENTUCKY 41265)
APPLICATION FOR AUTHORITY TO) CASE NO. 8235
ADJUST RATES ON AN EMERGENCY)
BASIS)

ORDER

On October 27, 1982, Columbia Gas of Kentucky ("Columbia") filed a petition for rehearing of our October 7, 1982, Order in this matter. Therein, Columbia requested that the Commission approve the implementation of a surcharge to the existing rates of Johnson County Gas Company ("Johnson County") to retire the indebtedness of Johnson County to Columbia for previous gas purchases. On November 3, 1982, Kentucky-West Virginia Gas Company ("Kentucky-West Virginia") also filed a motion for reconsideration of the Commission's previous denial of a surcharge to allow Johnson County to pay its indebtedness to Kentucky-West Virginia. The Commission notes that if Kentucky-West Virginia's filing is to be treated as a request for rehearing of our October 7, 1982, Order, it is out of time. However, the Commission will treat Kentucky-West Virginia's filing as simply a motion for imposition of a surcharge and address it herein.

On November 5, 1982, the Attorney General's Division of Consumer Protection filed its opposition to the granting of a

surcharge as requested by both Columbia and Kentucky-West Virginia. One of the arguments advanced therein by the Attorney General was that a surcharge to Johnson County's existing rates would be counter-productive in that it would make it impossible for many customers to pay for gas from Johnson County and force many to switch to alternate fuels.

The Commission agrees with the reasoning set forth by the Attorney General. Johnson County's gas rates are now among the highest in the state. To add another \$1.00 or more per Mcf, as would be required under the surcharge, would simply increase Johnson County's already high uncollectibles. This would, in turn, reduce Johnson County's cash flow making it even more difficult to pay off its gas bills to both Columbia and Kentucky-West Virginia. For these reasons, the Commission believes that the best course for Columbia and Kentucky-West Virginia is to seek appropriate creditors' remedies in federal court.

Based upon the pleadings filed herein and being advised, the COMMISSION HEREBY ORDERS that the motions of Columbia Gas of Kentucky and Kentucky-West Virginia Gas Company for approval of a surcharge to the existing rates of Johnson County Gas Company be and it hereby is denied.

Done at Frankfort, Kentucky, this 16th day of November, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice-Chairman

Sam Carrigan

Commissioner

ATTEST:

Secretary