

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF PENDLETON) CASE NO. 8568-B
COUNTY WATER DISTRICT GAS)
DIVISION)

O R D E R

On December 8, 1982, the Commission issued its Order in Case No. 8568 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 February 7, 1983, Pendleton County Water District, Gas Division, ("Pendleton") notified the Commission that its wholesale cost of gas would be increased by its supplier, Columbia Gas Transmission Corporation ("Transmission"), effective March 1, 1983, and submitted with its notice certain information in compliance with the Commission's Order of December 8, 1982.

Pendleton's increase from Transmission is another one of those federally-mandated pass-throughs of higher gas prices in which upon the record this Commission has no discretion. Pendleton will not realize even one cent of profit but simply will turn over to its supplier the increased amount which it must collect from its consumers.

After reviewing the notice filed in this case and being advised, the Commission is of the opinion and finds that:

(1) Pendleton's notice of February 7, 1983, set out certain revisions in rates which Pendleton proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its supplier in the amount of \$61,525 or 22.61 cents per Mcf.

(2) The Public Service Commission is being asked to authorize a pass-through of a price increase that has been filed with the Federal Energy Regulatory Commission ("FERC"). Failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair and unjust to Pendleton and would ultimately result in higher rates to its consumers. The Commission has (in writing) indicated its opposition to the procedures and regulations used by FERC since 1975 to approve these supplier increases.

We are also actively presenting our views to FERC and to our Kentucky Congressional delegation concerning revisions to the Natural Gas Policy Act formulas allowing producers to so raise their prices and because of the action of FERC in allowing such increases to pass through to the transmission company and through it to the distributing company, in this case Pendleton, this Commission has no real authority in the matter. Under federal law and actions, this Commission serves merely as the conduit for the final pass-through of the increased cost of gas to the consumers when, as here, the distributing utility makes no profit from the

increased prices which it must pay for gas purchased from the transmission company.

(3) The proposed rates will allow Pendleton to recover only the increased cost of wholesale gas and will not permit it to make any profit in doing so. The magnitude of this filing exposes Pendleton to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

(4) Pendleton's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8568 dated December 8, 1982, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after March 1, 1983, subject to refund.

IT IS THEREFORE ORDERED that the purchased gas adjustment sought by Pendleton be and it hereby is authorized to be effective with gas supplied on and after March 1, 1983, subject to refund,

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	\$4.8905	per Dth
Columbia LNG Corporation	5.61*	per Dth

*Includes Transportation Charge of \$0.4701

IT IS FURTHER ORDERED that within 30 days after the date of this Order Pendleton shall file with this Commission its

revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 16th day of February, 1983.

PUBLIC SERVICE COMMISSION

Not sitting
Chairman

Katherine Randall
Vice Chairman

Dent Caraga
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8568-B DATED FEBRUARY
16, 1983

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.

RATES: Monthly

Rates per Unit

Residential:

First 1,000 cu. ft. (Minimum Bill)	\$7.66
Next 1,000 per hundred cu. ft.	0.7077
Next 4,000 per hundred cu. ft.	0.6824
Over 6,000 per hundred cu. ft.	0.6774

Commercial:

First 20,000 per hundred cu. ft.	\$0.6774
Next 10,000 per hundred cu. ft.	0.6724
Next 10,000 per hundred cu. ft.	0.6674
Next 10,000 per hundred cu. ft.	0.6624
Over 50,000 per hundred cu. ft.	0.6574
Minimum Bill \$8.21 per hundred	

Industrial:

Special Contracts: \$6.533

Interruptible Service:

Griffin Industries, Inc., per Mcf \$6.063

Firm Gas Service:

MAGO Construction Co., Inc., per Mcf \$6.277