

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE TARIFF APPLICATION OF)
COLUMBIA GAS OF KENTUCKY, INC.,)
TO ESTABLISH AN ACTUAL COST) CASE NO. 8964
ADJUSTMENT PROVISION TO ITS)
PURCHASED GAS ADJUSTMENT)
CLAUSE)

O R D E R

On January 10, 1984, Columbia Gas of Kentucky, Inc., ("Columbia") filed a tariff with the Commission proposing to establish an actual cost adjustment provision to its purchased gas adjustment clause ("PGA"). On January 17, 1984, the Commission suspended Columbia's proposed tariff for a period of 5 months on and after the proposed effective date of February 1, 1984. The Commission issued an information request in this case on February 6, 1984, and Columbia complied by filing its responses on February 21, 1984. There were no intervenors of record nor was a hearing conducted in this matter.

Columbia's actual cost adjustment provision would establish a procedure for dollar for dollar matching of gas cost and recovery after the fact. Each September 1, a refund or surcharge per Mcf would be established for a 12-month period to be applied to customers served under Rate Schedules GS-Residential, GS-Commercial and Industrial, FC-1, FI-1, IS-1, and IUS-1. This amount would be based on the cost of gas purchased during the 12 months ended June 30 of the current year, less gas cost recovered

during the same period, and over- or under-collections from the previous year's actual cost adjustment.

The Commission recognizes that Columbia experienced some over-recovery of gas cost during periods of increasing supply cost, but did not exceed the returns allowed by the Commission. As supply costs stabilize and/or decrease, Columbia could experience some under-recovery of gas cost. It is difficult to predict the effect that the upcoming natural gas deregulation on January 1, 1985, will have on supply cost. The Commission is of the opinion that Columbia's proposed tariff should be denied because it is inappropriate to make such changes at this time. The Commission would be open to reviewing the proposal in 1 year, after gas supply markets have adjusted to deregulation.

IT IS THEREFORE ORDERED that Columbia's proposed actual adjustment provision to its PGA be and it hereby is denied.

Done at Frankfort, Kentucky, this 25th day of June, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

**END
OF
RETAKE**