

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF RATES OF)
COLUMBIA GAS OF KENTUCKY, INC.) CASE NO. 9554

O R D E R

On May 27, 1986, Columbia Gas of Kentucky (Columbia) filed a Notice of Adjustment of Rates. That notice was amended on June 17, 1986. The amount of increase in revenues sought was \$7.6 million. Intervening in the case were Toyota Motor Mfg., U.S.A., Inc., GTE Products Corp., Lexington-Fayette Urban County Government, and the Attorney General.

During the course of these proceedings, Columbia initiated a settlement process which resulted in a series of conferences with the intervenors. The Commission was informed about these conferences, but did not participate.

As a result of the meetings between Columbia and the intervenors, a proposed settlement was reached. It was submitted to the Commission for approval on October 14, 1986, in lieu of the normal rate-making process. Because the Commission found several parts of the proposal unacceptable, the parties renegotiated the agreement to attempt to resolve the Commission's concerns. A second proposal was submitted to the Commission on October 24.

After careful review of the proposal, the Commission finds that the proposed Joint Stipulation and Recommendation is

reasonable and should be accepted for rate-making purposes. The rates and terms of service are reasonable and in accord with generally accepted rate-making standards.

IT IS THEREFORE ORDERED that:

1. The Joint Stipulation and Recommendation filed October 24, 1986, is appended to and is incorporated into this Order as if fully set forth;

2. The Joint Stipulation is adopted by the Commission as its final Order in this matter;

3. The rates contained in the Joint Stipulation are fair, just and reasonable;

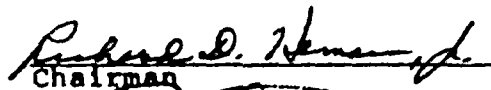
4. Columbia shall file appropriate tariffs within 30 days from this Order;

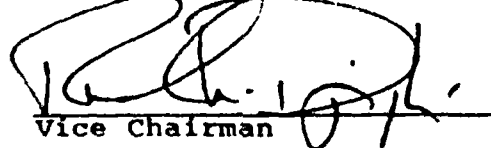
5. The request that the rates be placed in effect prior to the original application date of December 7, 1986, is denied; and

6. The rates shall become effective on December 7, 1986.

Done at Frankfort, Kentucky, this 14th day of November, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:

Executive Director


Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION
DATED NOVEMBER 14, 1986

FILED

OCT 24 1986

**PUBLIC SERVICE
COMMISSION**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF RATES OF) CASE NO. 9554
COLUMBIA GAS OF KENTUCKY, INC.)

JOINT STIPULATION AND RECOMMENDATION

807 KAR 5:001 Section 4(6) provides that parties to any proceeding or investigation may agree upon the facts involved in the proceeding, and such written stipulations shall be regarded and used as evidence at hearing. 807 KAR 5:001 Section 4(4) further contemplates that the issues in any Commission proceeding may be settled by the mutual agreement of parties.

It is the intent and purpose of the parties to this proceeding, namely: Columbia Gas of Kentucky, Inc. (Columbia), the Attorney General for the Commonwealth of Kentucky (Attorney General), GTE Products Corporation (GTE), Lexington-Fayette Urban County Government (LFUCG) and Toyota Motor Manufacturing, U.S.A., Inc. (Toyota) to express their agreement on a mutually satisfactory resolution of all of the issues in the instant case.

It is understood by all parties hereto that this Stipulation and Recommendation is not binding upon the Commission, nor does it represent agreement on any specific theory supporting the appropriateness of any stipulated and recommended adjustments to Columbia's rates. The parties have spent many hours, over many days, in order to reach the agreements which form the basis of this Stipulation and Recommendation. All of the parties, which

represent diverse interests and divergent viewpoints, agree that this Stipulation and Recommendation, viewed in its entirety, is a reasonable resolution of all issues in the proceeding.

Furthermore, the adoption of this Stipulation and Recommendation will reduce the length of the hearing (perhaps eliminate the need for hearing if Staff has no cross-examination), eliminate the need for briefing, and eliminate the possibility of, and any need for, rehearing. It is the position of the parties hereto that this Stipulation and Recommendation is supported by sufficient and adequate data and information, and is entitled to serious consideration by the Commission. Based upon the parties' participation in settlement conferences and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1. Columbia should be permitted to adjust its rates in order to permit it to recover an additional \$3,875,000 in annual revenue. This adjustment in rates shall be effective no later than December 7, 1986.

2. Columbia will, effective concurrently with the rate adjustment in paragraph (1) above, pass through anticipated gas cost reductions sufficient to offset any increase in the rates of any customer class which may result from this proceeding. In addition, Columbia will, concurrently with the rate adjustment in paragraph (1) above, pass through further anticipated gas cost reductions to all customers, sufficient to reduce the average rate of the residential class 2¢ per Mcf below current

levels. As a result, Columbia will neither increase nor decrease the Gas Cost Rate further until September 1, 1987.

3. The agreed additional revenue requirement, \$3,875,000, is a reduction of \$3,725,904 from that originally requested by Columbia, \$7,600,904. The parties agree that \$425,000 of this reduction will be directly attributable to the costs associated with serving large volume customers. The remaining reductions will be apportioned to all customer classes in the same proportions as set forth in the proposed rates.

4. The parties agree that Columbia's proposed PGA revision should not be adopted. However, the parties agree that there should be a modification of that part of Columbia's current PGA which will deal with the Customer Demand Charges collected from customers served under Rate Schedule FI. The amended tariff sheet and supporting schedules are attached hereto as Attachment I.

5. The rates, effective no later than December 7, 1986, which result from the adjustments agreed upon in paragraphs 1-4 and 8-10, are set forth on the tariff sheets attached hereto as Attachment II.

6. The new Toyota plant in Georgetown, Kentucky, will be a Columbia customer. The parties agree that an additional adjustment to Columbia's rates will become effective May 1, 1987, in order to reflect the additional revenue requirements associated with serving the new plant. This adjustment to rates is set forth on Attachment III.

7. The parties agree that an additional adjustment to Columbia's rates will become effective July 1, 1987, in order to reflect the reduction in Columbia's federal income taxes which will result from the recent revisions in the federal tax code. This adjustment to rates cannot presently be calculated, but will be set forth on tariff sheets to be filed no later than April 30, 1987.

8. The ceiling price of the AFDS rate shall be 150% of the applicable base tariff rate. The floor price of the AFDS rate shall be Columbia's average commodity cost of gas plus 10¢. The AFDS rate should not be available to compete with No. 6 fuel oil. The revised AFDS tariff sheets are attached as Attachment IV.

9. The DS transportation rate shall be 41¢ per Mcf. The rate may be fixed or it may be flexible, both up and down, with a ceiling limited to 61.5¢ per Mcf (150% of the fixed DS rate). Columbia will only flex this rate to compete with alternate sources of energy available to a customer. Columbia will require the customer to submit supporting affidavits which justify the necessity for flexing the rate. The revised DS tariff sheets are attached as Attachment V.

10. Any AFDS or DS customer may, at any time, request that the rate be flexed. However, once Columbia agrees to flex the rate for a customer, the customer must pay the appropriate flex rate each month and may not opt to revert to the fixed rate except as provided below. Prior to the filing of any new tariff or change in tariff affecting AFDS or DS customers, Columbia will

poll its AFDS or DS customers in order to determine whether such customers wish to pay the fixed rate, the flexible rate or any other available or proposed rate. The only time a customer may switch from the flexible rate to any other available or proposed rate is when the customer has elected to do so during the polling period. The switch will occur on the approved effective date of the relevant tariffs.

11. Columbia will impose a re-entry fee for any large volume firm sales customer which has terminated service with Columbia, and wishes to resume service within twelve months of the termination of service. This re-entry fee, to be determined by Columbia on a case-by-case basis, shall be equivalent to the charges incurred by Columbia in order to make firm service available to any such customers. However, Columbia may waive the fee upon a demonstration of good cause. The revised tariff sheets are attached hereto as Attachment VI.

12. Prior to December 7, 1988, Columbia shall not of its own volition file any notice of adjustment of rates which seeks to further shift costs to residential customers from other customer classes beyond the cost shifts approved by the parties herein. This provision does not in any way limit Columbia's ability to make any filing which proposes to adjust rates without any additional cost shifting to residential customers or prohibit Columbia from making any filing which proposes to shift additional costs to residential customers, if Columbia is ordered to do so by the Commission.

13. Each party hereto waives all cross-examination of the witnesses of the other parties hereto unless the Commission disapproves this Joint Stipulation, and further stipulates and recommends that the documents listed on Columbia's Exhibit List (Columbia Exhibit 37), the pre-filed testimony of the other parties and the responses to requests for information be admitted into the record.

14. This Stipulation and Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Columbia or any other utility.

15. If the Commission adopts this Stipulation and Recommendation in its entirety, the parties hereto agree that they shall not file an application for rehearing, nor an appeal to the Franklin County Circuit Court from such order.


16. If this Stipulation and Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings should go forward upon all or any matters involved herein, and that in such event the terms of this agreement shall not be deemed binding upon the parties hereto.

17. The preceding paragraphs describe all of the major adjustments to Columbia's filings. Any other adjustments are minor, and are reflected in the attachments hereto.


18. All of the parties hereto agree that the foregoing Stipulation and Recommendation is reasonable and in the best

interest of all concerned, and urge that the Commission adopt this agreement in its entirety.


AGREED, this 24th day of October, 1986.



STEPHEN B. SEIPLE
On behalf of Columbia Gas
of Kentucky, Inc.




PAMELA JOHNSON
On behalf of the Attorney
General for the Commonwealth
of Kentucky



KATHERINE K. YUNKER
On behalf of GTE Products
Corporation



EDWARD W. GARDNER
On behalf of the Lexington-
Fayette Urban County Government



DAVID F. BOEHM
On behalf of Toyota Motor
Manufacturing , U.S.A., Inc.

COLUMBIA GAS OF KENTUCKY, INC.

CASE NO. 9554

JOINT STIPULATION AND RECOMMENDATION

ATTACHMENT I

REVISED SEMI-ANNUAL GAS COST ADJUSTMENT PROCEDURE

COLUMBIA GAS OF KENTUCKY, INC.

SEMI-ANNUAL GAS COST ADJUSTMENT CLAUSE
APPLICABLE TO RATE SCHEDULES GS, FI, IS AND IUS

SEMI-ANNUAL GAS COST ADJUSTMENT CLAUSE

Determination of GCR

The Company shall file a semi-annual report with the Commission which shall contain an updated Gas Cost Recovery (GCR) Rate and shall be filed at least twenty (20) days prior to the beginning of each semi-annual calendar period. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each semi-annual calendar period.

The gas cost recovery rates are comprised of:

- (1) The Expected Gas Cost Component (EGC), on a dollar-per-Mcf basis, which represents the average expected cost of gas supplied, excluding the demand costs to be recovered from all FI customers.
- (2) The supplier Refund Adjustment (RA), on a dollar-per-Mcf basis, which reflects refunds received during the reporting period plus interest at a rate equal to the average of the "three month commercial paper rate" for the immediately preceding twelve month period. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.
- (3) The Actual Cost Adjustment (ACA), on a dollar-per-Mcf basis, which compensates for any previous over or undercollections of commodity gas costs experienced by the Company through the operation of this gas cost recovery procedure. The ACA shall be based on the twelve months ended June 30th each year, with the ACA factor to be in effect for twelve months beginning September 1st of each year.
- (4) The Balancing Adjustment (BA), on a dollar-per-Mcf basis, which compensates for any under or overcollections which have occurred as a result of prior adjustments.

(T)

(T) Change in Text

DATE OF ISSUE:

DATE EFFECTIVE:

Issued by: A. P. Bowman
Name of Officer

Vice President
Title

Columbus, Ohio
Address

COLUMBIA GAS OF KENTUCKY, INC.

SEMI-ANNUAL GAS COST ADJUSTMENT CLAUSE
APPLICABLE TO RATE SCHEDULES GS, FI, IS AND IUS

SEMI-ANNUAL GAS COST ADJUSTMENT CLAUSE (Continued)

Billing

The Gas Cost Recovery (GCR) shall be the sum of the following components:

$$\text{GCR} = \text{EGC} + \text{RA} + \text{ACA} + \text{BA}$$

The GCR will be added to (or subtracted from) the tariff rates prescribed by the Commission Order on the Company's latest rate case and will be included in the tariff rates stated on each applicable rate sheet in this tariff.

Definitions

For the purpose of this tariff:

(a) "Average expected cost" is the cost of gas supplies purchased during the latest available twelve month period, including associated transportation and storage charges, which results from the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the semi-annual calendar period, less the demand costs to be recovered from all FI customers, divided by the sales volumes for the latest available twelve month period. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments in its calculations. Any adjustments of this type shall be described in the Semi-Annual Gas Cost Adjustment report.

(b) GCR is the gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the Actual Cost Adjustment plus the balancing adjustment, i.e., $\text{GCR} = \text{EGC} + \text{RA} + \text{ACA} + \text{BA}$.

(T)

(T) Change in Text

DATE OF ISSUE:

DATE EFFECTIVE:

Issued by: A. P. Bowman
Name of Officer

Vice President
Title

Columbus, Ohio
Address

COLUMBIA GAS OF KENTUCKY, INC.

SEMI-ANNUAL GAS COST ADJUSTMENT CLAUSE
APPLICABLE TO RATE SCHEDULES GS, FI, IS AND IUS

SEMI-ANNUAL GAS COST ADJUSTMENT CLAUSE (Continued)

Definitions (Continued)

- (c) "Semi-annual calendar period" means each of the two six month periods of (1) September through February and (2) March through August.
- (d) "Reporting period" means the six month accounting period that ended approximately forty (40) days prior to the filing date of the updated gas recovery rates, i.e., the six months ended June 30th and December 31st each year.

Should any significant change in supplier rates occur, the company may apply to the Public Service Commission for an interim Gas Cost Adjustment Clause in addition to the regular Semi-Annual Gas Cost Adjustment Clause filings.

DATE OF ISSUE:

DATE EFFECTIVE:

Issued by: A. P. Bowman
Name of Officer

Vice President
Title

Columbus, Ohio
Address

COLUMBIA GAS OF KENTUCKY, INC.

SEMI-ANNUAL GAS COST ADJUSTMENT CLAUSE

Gas Cost Recovery Rate Effective September 1, 1986

<u>Line No.</u>	<u>Description</u>	<u>Amount (1) \$</u>
1	Expected Gas Cost (EGC) (Schedule No. 1)	4.4503
2	Plus: Supplier Refund Adjustment (RA)	
3	(Schedule No. 2)	(.0020)
4	Plus: Actual Cost Adjustment (ACA)	
5	(Schedule No. 3)	(.1150)
6	Plus: Balancing Adjustment (BA)	
7	(Schedule No. 4)	<u>-</u>
8	GAS COST RECOVERY RATE (GCR) EFFECTIVE	
9	SEPTEMBER 1, 1986	4.3333
10	Prior GCR Effective March 1, 1986	<u>4.3840</u>
11	Overall Change to Tariff Rates Effective	
12	September 1, 1986	<u>(.0507)</u>
13	Expected Demand Cost (EDC) per Mcf	
14	(Applicable to Rate Schedule FI)	
15	(Schedule No. 1, Sheet 2)	<u>6.8458</u>

Date Filed:

By: W. W. Burchett, Jr.
Director of Rates

COLUMBIA GAS OF KENTUCKY, INC.

SEMI-ANNUAL GAS COST ADJUSTMENT CLAUSE

Determination of the Expected Gas Cost (EGC) Rate
 Effective as of September 1, 1986 Based on Volumes
 for the Twelve Months Ended June 30, 1986, As Adjusted

<u>Line No.</u>	<u>Suppliers</u>	<u>Total Expected Gas Cost</u> (1) \$
1	Columbia Gas Transmission Corporation	
2	Zones 1 and 3 (Sheet 3)	74,708,864
3	Other Sources (Sheet 4)	4,591,153
4	Exxon Corporation (Sheet 5)	3,355,173
5	Citizens Energy Corporation (Sheet 6)	371,183
6	Appalachian Marketing Program (Sheet 7)	<u>855,302</u>
7	Total Purchased Gas Cost	83,881,675
8	Less: Rate Schedule FI Customer Demand	
9	Charge (Sheet 2)	<u>480,082</u>
10	Net Purchased Gas Cost	83,401,593
11	Divided by: Mcf Sales for the Twelve	
12	Months ended June 30, 1986	<u>18,740,516 Mcf</u>
13	EXPECTED GAS COST RATE (EGC)	<u>\$4.4503 per Mcf</u>

COLUMBIA GAS OF KENTUCKY, INC.

SEMI-ANNUAL GAS COST ADJUSTMENT CLAUSE

REESTIMATION OF THE RATE SCHEDULE P1 EXPECTED DEMAND COST EFFECTIVE AS OF SEPTEMBER 1, 1986 BASED ON VOLUMES FOR THE TWELVE MONTHS ENDED JUNE 30, 1986

<u>Line No.</u>	<u>Description</u>	<u>Detail</u> <u>(1)</u>	<u>Amount</u> <u>(2)</u>
1	Demand Costs to be Recovered from Rate Schedule P1 Customers		
2	Total Expected Demand Costs (Sheet 3)	17,513,193	
3	Divided by:		
4	Contract Demand (Sheet 3)	109,460 Dth	
5	Winter Service Mfg (Sheet 3)	119,600 Dth	
6	Total Daily Capacity	229,060 Dth	
7		12	
8	Total Daily Capacity per Btu times 12 months	2,688,720 Dth	
9	Divided by: Average Btu per Mcf	1.051	
10	Total Daily Capacity per Mcf times 12 months	2,558,219 Mcf	
11	Expected Demand Cost (DCC) per Mcf (applicable to Rate Schedule P1)	\$6.8458/Mcf	
12	Multiplied by: Daily Firm Volume (5,844 Mcf x 12 months)	70,128 Mcf	
13	Total Demand Costs Recovered from Rate Schedule P1 Customers		<u>\$480,082</u>

COLUMBIA GAS OF KENTUCKY, INC.

SUMMARY OF COST OF GAS PURCHASED FROM COLUMBIA GAS TRANSMISSION CORPORATION (ZONES 1 AND 3)
BASED ON VOLUMES PURCHASED DURING THE TWELVE MONTHS ENDED JUNE 30, 1986, ANNUALIZED 1/

<u>Line No.</u>	<u>Description</u>	<u>Volumes Purchased</u> (1) Dth	<u>Tariff Rate</u> (2) \$/Dth	<u>Expected Gas Cost</u> (3) \$
1	<u>Columbia Gas Transmission Corporation</u>			
2	Rate Schedule GDS			
3	Demand (109,460 Dth x 12 Months)	1,313,520	8.093	10,630,317
4	Rate Schedule WS			
5	Maximum Daily Quantity (114,600 Dth			
6	x 12 Months)	1,375,200	2.1070	2,897,546
7	Winter Contract Quantity (6,876,000			
8	Dth x 12 Months)	82,512,000	.0483	3,985,330
9	TOTAL EXPECTED DEMAND COST (to Sheet 2)			<u>17,513,193</u>
10	Rate Schedule GDS			
11	Commodity Cost of Gas	15,953,272 ^{2/}	3.5852	<u>57,195,671</u>
12	TOTAL COST OF GAS PURCHASED			<u><u>74,708,864</u></u>

1/ Commodity volumes purchased from Columbia Gas Transmission Corporation are annualized to reflect the level of purchases by Columbia to be made during the twelve months ending February 28, 1987. This annualization results in a reduction of Transmission purchases of 519,206 Dth and a corresponding increase in purchases from other suppliers which are priced at a much lower rate.

2/ Commodity Volumes (Sheet 4):

15,179,136 Mcf x Composite Btu Conversion Factor
from Sheet 7 of 1.051 = 15,953,272 Dth

COLUMBIA GAS OF KENTUCKY, INC.

DETERMINATION OF THE COST OF GAS PURCHASED FROM "OTHER SOURCES"
FOR THE TWELVE MONTHS ENDED JUNE 30, 1986, ANNUALIZED^{1/}

<u>Line No.</u>	<u>Description</u>	<u>Purchases</u> (1) Mcf
1	<u>Gas Purchased From:</u>	
2	Columbia Gas Transmission Corporation	
3	(Zones 1 and 3) (Sheet 8)	15,698,342 ^{2/}
4	Exxon Corporation (Sheet 5)	909,485
5	Citizens Energy Corporation (Sheet 6)	98,508
6	Appalachian Marketing Program (Sheet 7)	82,740
7	Other Sources (includes 505,441 Mcf from	
8	Columbia LNG Corporation) ^{3/}	<u>2,137,166</u>
9	Total Gas Purchased (Per Books for the Twelve	
10	Months ended June 30, 1986)	18,926,241
11	Less: Annualized Columbia Gas Transmission	
12	Corporation Purchases (Sheet 3)	15,179,136 ^{1/}
13	Annualized Exxon Corporation (Sheet 5)	1,220,789
14	Annualized Citizens Energy (Sheet 6)	98,508
15	Annualized Appalachian Marketing	
16	Program (Sheet 7)	<u>290,642</u>
17	Annualized Gas Purchases from "Other Sources"	<u>2,137,166</u>
18	TOTAL COST OF GAS PURCHASED FROM "OTHER SOURCES"	
19	(Line 17 x 1.051 Btu x \$2.044 per Dth)	<u>\$4,591,153</u>

^{1/} Commodity volumes purchased from Columbia Gas Transmission Corporation are annualized to reflect the level of purchases by Columbia to be made during the twelve months ending February 28, 1987. This annualization results in a reduction of Transmission purchases of 545,686 Dth and a corresponding increase in purchases from other suppliers which are priced at a much lower rate.

^{2/} See Sheet 8, Column 1 + Column 3, herein.

^{3/} "Other Sources" include: Citizens Resources Corporation, Columbia Gas Transmission spot purchases, Columbia LNG Corporation, Delhi Gas Pipeline Corporation, Energy Marketing Exchange, Inc., Entrade Corporation, Inland Gas Company, Koch Hydrocarbon Company, Northern Gas Marketing, Tennessee Gas Corporation, Transamerican Natural Gas Corporation, J. Hamilton Gas & Oil, Wm. Kennedy Gas, Tebco, Inc., ANR Corporation, R. H. Pennick, and Wm. and Mary Clark.

COLUMBIA GAS OF KENTUCKY, INC.

DETERMINATION OF THE COST OF GAS PURCHASED FROM EXXON CORPORATION FOR THE TWELVE MONTHS ENDING FEBRUARY 28, 1987

<u>Line No.</u>	<u>Month</u>	<u>Purchases</u> <u>(1)</u> <u>Mcf</u>
1	July, 1985	-
2	August	-
3	September	-
4	October	-
5	November	118,461
6	December	123,359
7	January, 1986	134,548
8	February	120,937
9	March	132,735
10	April	95,363
11	May	97,476
12	June	<u>86,606</u>
13	TOTAL	<u>909,485</u>
14	Expected Gas Purchases for the Twelve	
15	Months Ending February 28, 1987	<u>1,283,049 Dth</u>
16		<u>1,220,789 Mcf</u>
17	TOTAL COST OF GAS PURCHASED FROM EXXON	
18	CORPORATION (Line 15 x \$2.615/Dth)	<u>\$3,355,173</u>

COLUMBIA GAS OF KENTUCKY, INC.

DETERMINATION OF THE COST OF GAS PURCHASED FROM CITIZENS
ENERGY CORPORATION FOR THE TWELVE MONTHS ENDED JUNE 30, 1986

<u>Line No.</u>	<u>Month</u>	<u>Purchases (1) Mcf</u>
1	July, 1985	-
2	August	-
3	September	-
4	October	-
5	November	-
6	December	18,249
7	January, 1986	2,034
8	February	-
9	March	84,931
10	April	(6,706)
11	May	-
12	June	-
13	Total Mcf	<u>98,508</u>
14	Total Dth (98,508 Mcf x 1.051 Btu)	<u>103,532</u>
15	TOTAL COST OF GAS PURCHASED FROM CITIZENS	
16	ENERGY CORPORATION (Line 14 x \$3.5852 per Dth)	<u>\$371,183</u>

COLUMBIA GAS OF KENTUCKY, INC.

DETERMINATION OF THE COST OF GAS PURCHASED FROM THE APPALACHIAN
 MARKETING PROGRAM (AMP) FOR THE TWELVE MONTHS ENDING FEBRUARY 28, 1987

<u>Line No.</u>	<u>Month</u>	<u>Purchases (1) Mcf</u>
1	July, 1985	-
2	August	-
3	September	-
4	October	-
5	November	-
6	December	-
7	January, 1986	-
8	February	-
9	March	-
10	April	-
11	May	58,324
12	June	<u>24,416</u>
13	TOTAL	<u>82,740</u>
14	Expected Gas Purchases for the Twelve	
15	Months Ending February 28, 1987	<u>305,465 Dth</u>
16		<u>290,642 Mcf</u>
17	TOTAL COST OF GAS PURCHASED UNDER THE	
18	AMP PROGRAM (Line 15 x \$2.80/Dth)	<u>\$855,302</u>

COLUMBIA GAS OF KENTUCKY, INC.

QUANTITY OF GAS PURCHASED FROM COLUMBIA GAS TRANSMISSION CORPORATION
CONVERTED TO DELIVERIES FOR THE MONTHS ENDING JUNE 30, 1986

Line No.	Month	Rate Schedule DDB - Gas Purchased			Line No.			
		Zone 1	Zone 3					
		Monthly Volume (1) Mcf	Conversion Factor (2)	Deliveries (3) Dth	Monthly Volume (4) Mcf	Conversion Factor (5)	Deliveries (6) Dth	
1	July, 1985	50,534	1.153	58,266	192,186	1.032	198,336	1
2	August	86,007	1.146	98,545	313,597	1.031	323,374	2
3	September	106,568	1.123	119,747	468,168	1.033	483,542	3
4	October	183,268	1.102	201,873	714,128	1.031	736,479	4
5	November	252,616	1.120	283,041	1,089,256	1.039	1,131,224	5
6	December	630,670	1.114	702,422	2,814,607	1.031	2,901,229	6
7	January, 1986	709,336	1.116	791,865	2,613,629	1.026	2,685,216	7
8	February	524,838	1.119	587,193	1,824,598	1.031	1,882,831	8
9	March	425,500	1.122	477,343	1,305,331	1.042	1,360,435	9
10	Apr-11	185,568	1.109	205,828	636,826	1.025	652,731	10
11	May	118,371	1.113	131,795	257,291	1.042	268,207	11
12	June	66,091	1.146	75,167	129,358	1.042	134,788	12
13	TOTAL	<u>3,332,367</u>		<u>3,723,685</u>	<u>12,358,975</u>		<u>12,758,422</u>	13

Overall Btu Content = $\frac{12,758,422 + 3,733,685}{12,358,975 + 3,339,367} = 1.051$

COLUMBIA GAS OF KENTUCKY, INC.

SUMMARY OF SYNTHETIC GAS TRANSPORTED BY COLUMBIA GAS TRANSMISSION CORPORATION
CONVERTED TO DEBITABLES FOR THE TWELVE MONTHS ENDED JUNE 30, 1986

Line No.	Month	Rate Schedule 8088 - Gas Transported				Line No.	
		Zone 1	Zone 2	Zone 3	Zone 4		
		Monthly Volume (1) Mcf	Conversion Factor (2)	Debitable Dhs (3)	Monthly Volume (4) Mcf	Conversion Factor (5)	Debitable Dhs (6)
1	July, 1985	23,178	1.154	26,745	55,322	1.033	57,148
2	August	20,678	1.146	23,698	49,068	1.032	50,639
3	September	25,014	1.123	28,086	58,092	1.033	60,010
4	October	-	-	-	-	-	-
5	November	10,919	1.121	12,240	37,311	1.038	38,760
6	December	14,378	1.114	16,017	46,856	1.031	48,508
7	January, 1986	11,482	1.116	12,814	37,630	1.027	38,646
8	February	13,296	1.119	14,878	43,105	1.030	44,398
9	March	13,983	1.123	15,703	45,099	1.039	46,858
10	April	-	-	-	-	-	-
11	May	-	-	-	-	-	-
12	June	-	-	-	-	-	-
13	TOTAL	<u>132,928</u>		<u>150,101</u>	<u>372,513</u>		<u>384,967</u>

COLUMBIA GAS OF KENTUCKY, INC.

CASE NO. 9554

JOINT STIPULATION AND RECOMMENDATION

ATTACHMENT II

PROPOSED RATES REFLECTING SETTLEMENT
TO BE EFFECTIVE DECEMBER 7, 1986

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge	Gas Cost Adjustment ^{1/} Adjustments		Total Billing Rate
		Gas Cost Recovery Rate	to Gas Cost Recovery	
	\$	\$	\$	\$
<u>Rate Schedule GS</u>				
<u>Customer Charge</u>				
Residential	4.00			4.00
Commercial or Industrial	10.00			10.00
<u>Volumetric</u>				
First 2 Mcf per Month	1.3040	4.0473	(.1170)	5.2343
Next 48 Mcf per Month	1.2740	4.0473	(.1170)	5.2043
Next 150 Mcf per Month	1.2440	4.0473	(.1170)	5.1743
All Over 200 Mcf per Month	1.2140	4.0473	(.1170)	5.1443
<u>Rate Schedule FI</u>				
Customer Charge	100.00			100.00
<u>Customer Demand Charge</u>				
Demand Charge times Firm Mcf Volume in Customer Service Agreement		6.8458		6.8458
Commodity Charge-All Volume	0.4330	4.0473	(.1170)	4.3633
<u>Rate Schedule IS</u>				
Customer Charge	100.00			100.00
Commodity Charge	0.4330	4.0473	(.1170)	4.3633
<u>Rate Schedule IUS</u>				
For all Volumes Delivered each month	0.1300	4.0473	(.1170)	4.0603

1/ The Gas Cost Recovery Rate, as shown, is an adjustment per Mcf determined in accordance with the "Semi-Annual Gas Cost Adjustment Clause" as set forth on Sheets 80 through 84 of this tariff.

CURRENTLY EFFECTIVE BASE RATE LEVELS

RATE SCHEDULE GS

BASE RATE

Customer Charge

Residential - \$4.00 per delivery point per month
Commercial or Industrial - \$10.00 per delivery point per month

Commodity Charge

First 2 Mcf per month @ \$1.3040 per Mcf
Next 48 Mcf per month @ \$1.2740 per Mcf
Next 150 Mcf per month @ \$1.2440 per Mcf
All Over 200 Mcf per month @ \$1.2140 per Mcf

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the customer charge.

PURCHASED GAS ADJUSTMENT

The charges set forth herein, exclusive of those pertaining to customer charges, shall be subject to a Gas Cost Adjustment as shown on Page 2 of this tariff.

LOCAL FRANCHISE FEE OR TAX

The above rates and minimum charge are subject to Local Franchise Fee or Tax as set forth on Sheet No. 10, herein.

CURRENTLY EFFECTIVE BASE RATE LEVELS
(Continued)RATE SCHEDULE F1 - FIRM AND INTERRUPTIBLE GAS SERVICEBASE RATE*Customer Charge

\$100.00 per delivery point per month.

Commodity Charge

\$0.4330 per Mcf of all daily Firm and Interruptible volumes of gas delivered hereunder each billing month.

AVAILABILITY OF EXCESS GAS

In the event Buyer shall desire to purchase on any day gas in excess of Buyer's specified Maximum Daily Volume, Buyer shall inform the Seller and if the Seller is able to provide such excess gas required by Buyer from its operations, Seller shall make such excess gas available at the commodity charge plus applicable gas cost.

If such excess gas cannot be made available to Buyer from Seller's own operations, Seller may comply with such request to the extent that excess gas is temporarily available from Seller's gas supplier, in order to provide gas which otherwise would not be available. Such excess volume taken shall be paid for at Seller's supplier's EX rate plus five cents.

On any day when Buyer has been notified to interrupt deliveries, Buyer may request excess gas and to the extent gas can be obtained from Seller's supplier, Buyer shall pay Seller's supplier's EX rate plus five cents for all such volumes taken which would otherwise not be available.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the customer charge of \$100.00 plus the customer demand charge based on the Buyer's Daily Firm Volume times the average demand rate. See Sheet 2.

PURCHASED GAS ADJUSTMENT

The charges set forth herein, exclusive of those pertaining to customer charges, shall be subject to a Gas Cost Adjustment as shown on Page 2 of this tariff.

*Rates may be subject to Industrial Boiler Fuel Rider. See Sheet No. 8.

CURRENTLY EFFECTIVE BASE RATE LEVELS
(Continued)

RATE SCHEDULE FI - FIRM AND INTERRUPTIBLE GAS SERVICE (Continued)

LOCAL FRANCHISE FEE OR TAX

The monthly bill to customers served under this rate schedule is subject to Local Franchise Fee or Tax as set forth on Sheet No. 10, herein.

CURRENTLY EFFECTIVE BASE RATE LEVELS
(Continued)

RATE SCHEDULE IS - INTERRUPTIBLE GAS SERVICE

BASE RATE*

Customer Charge

\$100.00 per delivery point per month

Commodity Charge

\$0.4330 per Mcf of all volumes of gas delivered hereunder each billing month

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the customer charge.

PURCHASED GAS ADJUSTMENT

The charges set forth herein, exclusive of those pertaining to customer charges, shall be subject to a Gas Cost Adjustment as shown on Page 2 of this tariff.

LOCAL FRANCHISE FEE OR TAX

The monthly bill to customers served under this rate schedule is subject to Local Franchise Fee or Tax as set forth on Sheet No. 10, herein.

*Rates may be subject to Industrial Boiler Fuel Rider. See Sheet No. 8.

CURRENTLY EFFECTIVE BASE RATE LEVELS
(Continued)

RATE SCHEDULE IUS-1 - INTRASTATE UTILITY SERVICE

BASE RATE*

For all gas delivered each month \$.1300 per Mcf.

MINIMUM MONTHLY CHARGE

The Maximum Daily Volume specified in the Sales Agreement multiplied by \$.1300 plus applicable gas cost.

PURCHASED GAS ADJUSTMENT

The charges set forth herein, exclusive of those pertaining to customer charges, shall be subject to a Gas Cost Adjustment as shown on Page 2 of this tariff.

LOCAL FRANCHISE FEE OR TAX

The monthly bill to customers served under this rate schedule is subject to Local Franchise Fee or Tax as set forth on Sheet No. 10, herein.

*Rates may be subject to Industrial Boiler Fuel Rider. See Sheet No. 8.

COUMBIKA GAS OF KENTUCKY, INC.

STATEMENT OF REALIZED NET GAINS AND REALIZED LOSSES AT FISCAL YEARS ENDING DECEMBER 31, 1986 AND AT SUBSEQUENT DATES TO BE COMPARED WITH THE COST OF SERVICE FOR THE YEAR ENDING DECEMBER 31, 1987

Line No.	Proposed Rate Schedule	Former Rate Schedule (1)	Normalized Rates Volume (2)	Revenue at Rates in Effect Sept. 1, 1986		Revenue at Rates in Effect Sept. 1, 1987		Change in Rates	
				Amount (3)	Per McF (4)	Amount (5)	Per McF (6)	Amount (7)	Average Rate Per McF (8)
1	Gas Service Revenue	000	10,597,113	61,398,070	5.793	62,179,039	5.773	(207,861)	(.020)
2	<u>Rate Schedule 06</u>	000	6,099,944	39,466,544	5.700	37,803,368	5.882	(1,663,182)	(.28)
3									
4	<u>Rate Schedule FI</u>	PO-1	1,058,087	5,930,696	5.514	5,072,111	4.767	(858,585)	(.807)
5	(Firm Volume Only)	FI-1	987,030	3,664,900	5.562	2,840,851	4.839	(824,049)	(.723)
6	(Firm Volume Only)	PO-1	508,511	2,723,458	5.388	2,860,450	4.480	(63,008)	(.918)
7	(Interruptible Volume Only)	FI-1	66,689	354,518	5.316	698,787	4.480	(55,731)	(.836)
8									
9	(Firm Transportation)	00	-	-	-	-	-	-	-
10	(Interruptible Transportation)	00	1,196,477	2,437,182	.80	736,556	.4100	(700,626)	(.390)
11	<u>Rate Schedule IG</u>								
12	(Interruptible Volume Only)	IP-1	339,699	1,883,939	5.546	1,535,153	4.519	(348,786)	(1.027)
13	(Interruptible Transportation)	00	644,839	915,871	.80	264,384	.4100	(651,487)	(.390)
14		100	254,145	2,142,752	4.496	1,061,640	4.177	(81,112)	(.319)
15									
16	<u>Former Louisville Gas & Electric Company Customers</u>		40,083	176,050	-	176,050	-	-	-
17	<u>TOTAL</u>		<u>20,124,637</u>	<u>118,680,780</u>		<u>113,248,409</u>		<u>(5,032,375)</u>	

() Denotes Reduction

COLUMBIA GAS OF KENTUCKY, INC.

CASE NO. 9554

JOINT STIPULATION AND RECOMMENDATION

ATTACHMENT III

ADJUSTMENT TO RATES TO REFLECT THE TOYOTA PLANT
TO BE INCLUDED EFFECTIVE MAY 1, 1987

COLUMBIA GAS OF KENTUCKY, INC.

ADJUSTED COST OF SERVICE APPLICABLE TO TOYOTA PROJECT

<u>Line No.</u>	<u>Description</u>	<u>Amount</u> (1) \$
1	<u>Cost of Service</u>	
2	Operation and Maintenance Expenses	-
3	Depreciation Expense	
4	(Depreciable Plant \$3,815,000 @ 3.50%)	133,525
5	Return @ 11.09%	
6	(Gas Plant \$3,815,000 less Reserve	
7	\$133,525 @ 11.09%)	408,276
8	Taxes - Federal Income	164,395 ^{1/}
9	Taxes - State Income	<u>27,935^{1/}</u>
10	TOTAL COST OF SERVICE	734,131
11	Revenues ^{2/}	<u>99,690</u>
12	Deficiency	<u>634,441</u>
13	Divided by: Mcf Sales Normalized	<u>20,293,321</u> Mcf
14	Increase per Mcf to be Reflected On	
15	Tariff Rates at May 1, 1987	<u><u>\$.0313</u></u> per Mcf

1/ See Sheet 2, herein.

2/ Revenues:

Customer Charge (\$100 x 12 Months)	\$ 1,200.00
Demand Charge (\$6.8458 x 12 Months x 600 Mcf)	49,289.76
Transportation Charge (120,000 Mcf x \$.41)	<u>49,200.00</u>
Total Revenue	<u><u>\$99,689.76</u></u>

COLUMBIA GAS OF KENTUCKY, INC.

COMPUTATION OF FEDERAL AND STATE INCOME
TAXES APPLICABLE TO TOYOTA PROJECT

<u>Line No.</u>	<u>Description</u>	<u>Amount</u> (1) \$
1	<u>Federal Income Tax</u>	
2	Tax Net Income (Gas Plant \$3,815,000 less	
3	Reserve \$133,525 @ 11.09%)	408,276
4	Less: Deductions for Income Tax	215,291 ^{1/}
5	Net Amount Subject to Tax	<u>192,985</u>
6	Federal Income Tax @ 46% (\$192,985 @	
7	.851851852)	<u>164,395</u>
8	<u>State Income Tax</u>	
9	Tax Net Income (Line No. 2 above)	408,276
10	Plus: Federal Income Tax (Line No. 6 above)	164,395
11	Less: Deduction for Income Tax	215,291 ^{1/}
12	Net Amount Subject to Tax	<u>357,380</u>
13	State Income Tax @ 7.25% (\$357,380 @	
14	7.25% .078161)	
15	<u>92.75%</u>	<u>27,935</u>

1/ Income Deduction for Tax Purposes

Tax Straight-Line Depreciation (flow-through)	\$133,525
ACRS First Year Depreciation (\$3,681,476 @ 5.0%)	(184,073)
Interest on Debt	
Rate Base	\$3,681,476
Debt Ratio (\$3,681,476 @ 50.28%)	1,851,046
Embedded Debt (\$1,851,046 @ 8.90%)	(164,743)
Net Deduction for Income Tax	<u>(\$215,291)</u>

COLUMBIA GAS OF KENTUCKY, INC.

CASE NO. 9554

JOINT STIPULATION AND RECOMMENDATION

ATTACHMENT IV

REVISED ALTERNATE FUEL
DISPLACEMENT SERVICE TARIFF SHEETS

COLUMBIA GAS OF KENTUCKY, INC.

**RATE SCHEDULE AFDS
ALTERNATE FUEL DISPLACEMENT SERVICE**

RATE*

A rate per Mcf shall be established by the Seller in excess of the monthly equivalent Mcf commodity charge as stated in Seller's most recent Semi-Annual Gas Adjustment. The floor charge shall be the commodity charge plus ten cents (10¢) plus allowances for taxes.

The ceiling price shall be at a rate no greater than 150% of the applicable base rate plus gas cost under Buyer's applicable rate schedule.

Prior to establishing the applicable rate for any month, Seller will review pricing information contained in Buyer's affidavit. Seller will also inquire through existing independent sources about current local pricing of alternate fuel, and will use one or more of the following publications to assist it in determining the monthly rate: (1) Platt's Oil Gram, (2) Energy User News, (3) Oil Daily and (4) Platt's Bunkerwise.

Seller will file the applicable rate and the current floor rate with the Commission at least five (5) days before billing.

Pursuant to the preceding paragraphs, any customer may, at any time, request that the rate be flexed. However, once the rate for a customer is flexed, the customer must continue to pay the flex rate determined by Columbia each month and may not opt to revert to any other available tariff rate except as provided below. Prior to filing any new tariff or change in tariff affecting this rate schedule, Columbia will poll each customer on this rate schedule in order to determine whether such customers wish to pay the fixed rate, the flexed rate or any other available or proposed rate. The only time a customer may switch from the flexible rate to any other available or proposed rate is when the customer has elected to do so during the polling period. The switch will occur on the approved effective date of the relevant tariffs.

MINIMUM MONTHLY CHARGE

See Sheet No. 86 for minimum monthly charge.

LOCAL FRANCHISE FEE OR TAX

The monthly bill to customers served under this rate schedule is subject to Local Franchise Fee or Tax as set forth on Sheet No. 10, herein.

*Rates may be subject to Industrial Boiler Fuel Rider. See Sheet No. 8.

DATE OF ISSUE:

DATE EFFECTIVE:

Issued by: A. P. Bowman
Name of Officer

Vice President
Title

Columbus, Ohio
Address

COLUMBIA GAS OF KENTUCKY, INC.

RATE SCHEDULE AFDS
ALTERNATE FUEL DISPLACEMENT SERVICE

APPLICABILITY

See Sheet No. 33 for applicability.

AVAILABILITY

This rate schedule is available in the territory served by the Seller to any commercial, industrial or wholesale Buyer having average daily peak month usage of not less than 50 Mcf, provided:

- (a) Buyer is currently purchasing natural gas from the Seller under Seller's GS, FI, IS, or IUS Rate Schedules.
- (b) The capacity of the Seller's facilities and the available gas supply are sufficient to provide the quantities requested by the Buyer, and
- (c) Buyer has submitted to the Seller an initial affidavit which provides the following information:
 - (1) Name and address at which service under this rate schedule will be received, and
 - (2) Buyer has installed operable capability for long term use of an alternate energy source other than No. 6 fuel oil and has made available to Seller the option of onsite inspection of the alternate fuel facilities, and
 - (3) Buyer's verification that gas purchased under the rate schedule will be utilized to reduce or eliminate alternate energy requirements, that such purchase would not be made during any month of the term in the absence of this rate schedule, and that such gas will not replace non-alternate energy requirements which would otherwise be purchased under Seller's applicable GS, FI, IS, or IUS Rate Schedules, and
- (d) Buyer submits to Seller a monthly affidavit on or before the fifth day of the current billing month providing

(T) Change in Text

DATE OF ISSUE:

DATE EFFECTIVE:

Issued by: A. P. Bowman
Name of Officer

Vice President
Title

Columbus, Ohio
Address

COLUMBIA GAS OF KENTUCKY, INC.

RATE SCHEDULE AFDS
ALTERNATE FUEL DISPLACEMENT SERVICE
(Continued)

AVAILABILITY (Continued)

(d) the following information to be used for purposes of billing:

- (1) Prior billing month's usage of alternate fuel displacement service unless separately metered, and
- (2) Projected prices and estimated usage of the Buyer's alternate fuel for the current billing period.

(T)

CHARACTER OF SERVICE

The Maximum Daily Volume available for delivery pursuant to this rate schedule shall not exceed Buyer's installed non-peaking alternate fuel capability and shall be within:

- (a) The limits imposed by the curtailment and daily interruption provisions governing the otherwise applicable GS, FI, IS, or IUS Rate Schedules, or
- (b) The limits imposed by Buyer's effective maximum daily volume entitlement under Seller's otherwise applicable GS, FI, IS, or IUS Rate Schedules.

MINIMUM MONTHLY CHARGE

The minimum monthly charge provision of the applicable rate schedules remains in full force and effect. However, volumes delivered under this rate schedule shall be combined with volumes delivered under the applicable rate schedules for minimum bill calculation purposes.

TERM

The term of the agreement for service under this rate schedule shall be for a minimum of one year and shall be automatically renewed each year unless written notice to terminate is given by the Buyer or Seller not less than sixty (60) days prior to the expiration date of the contract.

(T) Change in Text

DATE OF ISSUE:

DATE EFFECTIVE:

Issued by: A. P. Bowman
Name of Officer

Vice President
Title

Columbus, Ohio
Address

COLUMBIA GAS OF KENTUCKY, INC.

RATE SCHEDULE AFDS
ALTERNATE FUEL DISPLACEMENT SERVICE
(Continued)

SPECIAL TERMS AND CONDITIONS

Separate Metering

Gas delivered hereunder except for oil burner pilot usage shall not be used interchangeably with gas supplied under any other schedule, and shall be separately metered; provided, however, if gas is delivered to Buyer under more than one rate schedule, at one location, and if separate metering of the Alternate Fuel Displacement Service portion of such deliveries is not practicable, monthly volumes to be billed under the GS, FI, IS, or IUS Rate Schedules and Alternate Fuel Displacement Service Rate Schedule shall be determined from customer's monthly affidavit as required by Paragraph (d) of the Availability Section.

Stand-By Facilities

In all cases where continuous operation of the Buyer's facilities is necessary, the Buyer shall provide and maintain stand-by equipment, including fuel supply for operation thereof, in satisfactory operating condition and of sufficient capacity to permit full interruption of the interruptible gas supply.

Meter Reading

Meter readings shall be made monthly.

General Terms and Conditions and Rules and Regulations

All General Terms and Conditions and Rules and Regulations applicable to GS, FI, IS, or IUS Rate Schedules apply to this rate schedule and are hereby incorporated herein.

Special Conditions

Seller reserves the right, at its sole discretion, to reduce the quantities of gas requested by Buyer, to the extent the Seller determines that the quantities of gas requested by Buyer are invalid or inaccurate.

DATE OF ISSUE:

DATE EFFECTIVE:

Issued by: A. P. Bowman
Name of Officer

Vice President
Title

Columbus, Ohio
Address

COLUMBIA GAS OF KENTUCKY, INC.

RATE SCHEDULE AFDS
ALTERNATE FUEL DISPLACEMENT SERVICE
(Continued)

OTHER

For purposes of administering provisions of the FI or IS Rate Schedules relating to Penalty for Failure to Interrupt, Payments for Unauthorized Takes and Availability of Excess Gas, volumes delivered under this rate schedule will be combined with volumes delivered to Buyer under the applicable FI or IS Rate Schedules.

DATE OF ISSUE:

DATE EFFECTIVE:

Issued by: A. P. Bowman
Name of Officer

Vice President
Title

Columbus, Ohio
Address

COLUMBIA GAS OF KENTUCKY, INC.

CASE NO. 9554

JOINT STIPULATION AND RECOMMENDATION

ATTACHMENT V

REVISED DELIVERY SERVICE TARIFF SHEETS

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE RATE LEVELS
(Continued)

RATE SCHEDULE DS - DELIVERY SCHEDULE

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY

This rate schedule is available to any customer throughout the territory served by the Company provided:

- (a) Customer has executed a contract with the Company for delivery service, and,
- (b) Customer has submitted an affidavit to the Company stating that delivery service gas will be used as a replacement for an alternate supply source only and will not be used to reduce its purchase of Company-provided gas, or customer has submitted an affidavit to the Company stating that delivery service gas will be used to avoid a plant shutdown or relocation or is necessary to expand facilities.

RATE

Forty one cents (41.0¢) per Mcf for all gas delivered each billing month.

When a customer can demonstrate to the Company that a lower rate is necessary to meet competition from an alternate energy supplier, Columbia may transport gas at a rate lower than 41¢ per Mcf. Columbia may also, after receiving prior approval from the Kentucky Public Service Commission, transport gas at a rate lower than 41¢ per Mcf where the customer has demonstrated that its only alternative would be a shutdown or relocation of facilities, or that the lower rate is necessary to expand facilities.

Columbia may also transport gas to a customer at a rate greater than 41¢ per Mcf if such rate remains competitive with the price of energy from alternate energy suppliers. In no event shall the transportation rate exceed 61.5¢ per Mcf.

DATE OF ISSUE:

DATE EFFECTIVE:

Issued by: A. P. Bowman
Name of Officer

Vice President
Title

Columbus, Ohio
Address

CURRENTLY EFFECTIVE RATE LEVELS
(Continued)RATE (Continued)

Pursuant to the preceding paragraphs, any customer may, at any time, request that the transportation rate be flexed. However, once the transportation rate for a customer is flexed, the customer must continue to pay the flex rate determined by Columbia each month and may not opt to revert to the fixed 41¢ per Mcf rate except as provided below. Prior to the filing of any new tariff or change in tariff affecting gas transportation, Columbia will poll each customer on this rate schedule in order to determine whether such customers wish to pay the fixed transportation rate, the flexible transportation rate or any other available or proposed transportation rate. The only time a customer may switch from the flexible rate to any other available or proposed rate is when the customer has elected to do so during the polling period. The switch will occur on the approved effective date of the relevant tariffs.

(T)

RULES AND REGULATIONS

All other tariff provisions applicable to Rate Schedules GS, FI, IS, and IUS, which are not inconsistent with the provisions of this rate schedule, shall govern, where applicable, the supply of gas service under this rate schedule.

(T) Change in Text

DATE OF ISSUE:

DATE EFFECTIVE:

Issued by: A. P. Bowman
Name of Officer

Vice President
Title

Columbus, Ohio
Address

COLUMBIA GAS OF KENTUCKY, INC.

CASE NO. 9554

JOINT STIPULATION AND RECOMMENDATION

ATTACHMENT VI

REVISED TARIFF SHEET TO REFLECT RE-ENTRY FEE

COLUMBIA GAS OF KENTUCKY, INC.

RATE SCHEDULE FI
(Continued)

AVAILABILITY OF EXCESS GAS

The availability of, and the rates for, excess gas under this rate schedule are stated on the currently effective Sheet 4 of this tariff and are hereby incorporated into this rate schedule.

PURCHASED GAS ADJUSTMENT

Gas sold under this rate schedule and rates as prescribed herein are subject to a Purchased Gas Adjustment as stated on currently effective Sheet Nos. 80 through 84 of this tariff which are hereby incorporated into this rate schedule.

RE-ENTRY FEE

Seller will impose a Re-entry Fee for any FI customer who has terminated service and wishes to reestablish service within twelve months of termination. The Re-entry Fee will be equivalent to the charges Seller incurred necessary to make firm service available to the Buyer. Upon showing of good cause, Seller may waive this fee.

MEASUREMENT BASE

Refer to Section 2 of the General Terms and Conditions.

GENERAL TERMS AND CONDITIONS

All the General Terms and Conditions are applicable to this rate schedule and are hereby made a part hereof.

DATE OF ISSUE:

DATE EFFECTIVE:

Issued by: A. P. Bowman
Name of Officer

Vice President
Title

Columbus, Ohio
Address

FILED

OCT 24 1986

**PUBLIC SERVICE
COMMISSION**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF RATES OF) CASE NO. 9554
COLUMBIA GAS OF KENTUCKY, INC.)


ADDENDUM TO JOINT STIPULATION AND RECOMMENDATION

The parties to this proceeding have signed and filed a Joint Stipulation and Recommendation. It is the intent of the parties to this proceeding to express their agreement on a mutually satisfactory resolution of an additional matter not addressed by the Joint Stipulation and Recommendation.


Adoption of the Joint Stipulation and Recommendation will eliminate the need for further hearing in this case, and the need for briefing. As a result, the Commission may well be able to issue an order which will enable Columbia to put its adjusted rates into effect prior to December 7, 1986, which is the expiration of the suspension period.

Therefore, the parties agree and recommend that the Commission should promptly issue its order authorizing Columbia to charge the adjusted rates contained in the Joint Stipulation and Recommendation prior to December 7, 1986. Placing the adjusted rates into effect prior to December 7, 1986 will result in an earlier reduction of rates to Columbia's customers.

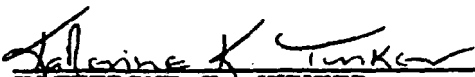
AGREED, this 24th day of October, 1986.




STEPHEN B. SEIPLE
On behalf of Columbia Gas
of Kentucky, Inc.




PAMELA JOHNSON
On behalf of the Attorney
General for the Commonwealth
of Kentucky



KATHERINE K. YUNKER
On behalf of GTE Products
Corporation



EDWARD W. GARDNER
On behalf of the Lexington-
Fayette Urban County Government



DAVID F. BOEHM
On behalf of Toyota Motor
Manufacturing, U.S.A., Inc.