

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF COLUMBIA GAS)
OF KENTUCKY, INC.) CASE NO. 10498

AMENDED ORDER

On October 6, 1989, the Commission entered its Order in this proceeding granting Columbia Gas of Kentucky, Inc. ("Columbia") an increase of \$980,890 in its annual revenues. The Commission has determined that a mistake exists in its October 6, 1989 Order on page 34, with regard to the interest synchronization adjustment, and that the Order should be corrected to reflect what was intended to be entered by the Commission.

Columbia in its application on Schedule 6, Sheet 2, made an adjustment to income taxes based on its proposed level of interest expense of \$3,141,580. The Commission, on page 34 of its Order, inadvertently reduced income tax expense to reflect the difference between book interest expense and interest expense based on the allowed capitalization, in effect, doubling the impact of interest synchronization. This is reflected in the erroneous use of the figure of \$2,579,334 on page 34 of the Commission's Order. The adjustment should have only recognized the income tax effect of the difference between Columbia's proposed interest expense of \$3,141,580 and the Commission allowed interest expense of \$3,174,864.

The proper adjustment to reflect interest synchronization should have been to increase Columbia's proposed interest expense by \$33,284 which results in an increase to Columbia's proposed net operating income of \$12,909, rather than the increase of \$230,976 contained in the Order at page 34. Therefore, the impact on the adjusted net operating income contained in the October 6, 1989 Order is a decrease of \$218,067, which after consideration of state and federal income taxes, results in an additional revenue requirement of \$356,232. The total increase after consideration of the proper interest synchronization adjustment is \$1,337,122 annually, an increase of 1.40 percent over Columbia's adjusted test-period revenues.

In recognition of this correction, Columbia should be allowed to increase its revenues by \$1,337,122 annually effective on and after October 6, 1989.

IT IS THEREFORE ORDERED, to be entered nunc pro tunc, that:

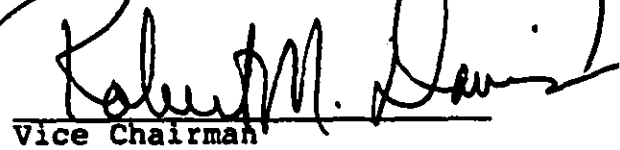
1. The Commission's Order dated October 6, 1989 be and it hereby is amended for the purpose of correcting the interest synchronization adjustment as explained herein.

2. The rates in Appendix A, attached and incorporated hereto, are the fair, just, and reasonable rates for Columbia to charge its customers for service on and after October 6, 1989.

Done at Frankfort, Kentucky, this 17th day of October, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10498 DATED OCTOBER 17, 1989

The following rates and charges are prescribed for the customers served by Columbia Gas of Kentucky, Inc. for service rendered on and after the date of this Order. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge <u> </u> \$	Gas Cost Adjustment <u> </u> \$	Total Billing Rate <u> </u> \$
RATE SCHEDULE GS			
Volumetric:			
First 2 Mcf/Month	1.4305	3.6365	5.0670
Next 48 Mcf/Month	1.3905	3.6365	5.0270
Next 150 Mcf/Month	1.3505	3.6365	4.9870
All Over 200 Mcf/Month	1.3105	3.6365	4.9470
Delivery Service:			
Firm	1.3105	.0473	1.3578
RATE SCHEDULE FI			
Commodity Charge:	0.4465	3.6365	4.0830
Delivery Service: Interruptible	0.4398	.0473	.4871
RATE SCHEDULE IS			
Commodity Charge	0.4465	3.6365	4.0830
Delivery Service: Interruptible	0.4398	.0473	0.4871
RATE SCHEDULE IUS			
For all Volumes Delivered each Month	0.1411	3.6365	3.7776
Delivery Service	0.1411	0.8021	0.9432