

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COLUMBIA) CASE NO. 90-063-L
GAS OF KENTUCKY, INC.)

O R D E R

On October 10, 1990, in Case No. 90-063, the Commission approved certain adjusted rates for Columbia Gas of Kentucky, Inc. ("Columbia") and provided for their further adjustment on a periodic basis in accordance with its gas cost adjustment ("GCA") clause.

On May 2, 1994, Columbia filed its GCA to be effective June 1, 1994. On May 13, 1994, the Commission requested additional information regarding the gas cost calculation and take-or-pay over-collections which was supplied on May 19, 1994. On May 26, 1994, the Commission suspended the proposed rates.

After reviewing the record and being otherwise sufficiently advised, the Commission finds that:

1. Columbia's notice proposed revised rates designed to pass on its expected wholesale increase in gas costs. Columbia's proposed expected gas cost ("EGC") for the period beginning June 1, 1994 was \$4.2417.

2. Columbia's notice set out a rate for Banking and Balancing Service of 2.12 cents per Mcf.

3. Columbia's notice set out a fixed charge refund adjustment to return take-or-pay over-collections to its customers. Columbia proposed to refund the \$2,674,739 to both sales and transportation customers, with allocations to the two groups made according to the percentage of take-or-pay recovery from each group. Due to perceived uncertainties stemming from FERC Order 636, Columbia proposed to return the amounts over a 24-month period instead of a 12-month period in the interest of rate stabilization.

The Commission agrees that there are future uncertainties in the early post-636 environment, including the probability that Columbia will incur additional pipeline transition costs. It is a certainty, however, that the refunds are due to the ratepayers who will not object to receiving them more quickly. Because the 12-month pass-back period in its tariff will do no harm to Columbia and will make its customers whole in a more timely manner, fixed charge refund adjustments of (10.67) cents per Mcf and (7.4) cents per Mcf should be approved for sales and transportation customers, respectively, for the 12 months ending June 1, 1995.

4. Columbia's notice set out its actual cost adjustment ("ACA") of (6.37) cents per Mcf which reflects a previous period ACA.

5. Columbia's notice set out a balancing adjustment ("BA") of .91 cent per Mcf which reflects a previous period BA.

6. Columbia's notice contained a refund adjustment to return various supplier refunds of \$5,254,731, including interest, to its customers. Columbia proposed to deviate from the terms of its GCA

clause by refunding over 24 instead of 12 months in the interest of rate stabilization. For the same reasons stated above, Columbia should comply with the 12-month refund methodology contained in its GCA clause. The refund adjustment should be 26.87 cents per Mcf.

7. Columbia's notice set out a Special Agency Service refund adjustment of .06 cent per Mcf.

8. These adjustments produce a gas cost recovery rate of \$3.8111, 19.50 cents per Mcf less than the prior rate.

9. The revised rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for gas supplied on and after the date of this Order.

IT IS THEREFORE ORDERED that:

1. Columbia's motion to deviate from the refund provisions of its GCA be and it hereby is denied. Columbia shall return all take-or-pay over-recoveries and supplier refunds as directed herein.

2. The rates proposed by Columbia be and they hereby are denied.

3. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after the date of this Order.

4. Within 30 days of the date of this Order, Columbia shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 20th day of July, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-063-L DATED July 20, 1994

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. 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 effective date of this Order.

CURRENTLY EFFECTIVE BILLING RATES

<u>RATE SCHEDULE GS</u>	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment</u> \$ <u>1</u> /	<u>Total Billing Rate</u> \$
First 1 Mcf or less per Mo.			
Residential	7.45	3.8111	11.2611
Commercial or Industrial	16.34	3.8111	20.1511
Next 49 Mcf per Mo.	1.6872	3.8111	5.4983
Next 150 Mcf per Mo.	1.6378	3.8111	5.4489
Next 200 Mcf per Mo.	1.5886	3.8111	5.3997
<u>Delivery Service</u>			
<u>Demand Charge</u>			
Demand Charge times Firm Mcf Volume in Customer Service Agreement		10.6758	10.6758
Volumetric Rate	1.5886		1.5886
Banking & Balancing Service		.0212	.0212
<u>RATE SCHEDULE FI</u>			
Customer Charge	135.79		135.79
<u>Customer Demand Charge</u>			
Demand Charge times Firm Mcf Volume in Customer Service Agreement		10.6758	10.6758
Commodity Charge-All Volume	.5573	3.8111	4.3684
<u>Delivery Service</u>			
Volumetric Rate	.4861		.4861
Banking & Balancing Service		.0212	.0212

RATE SCHEDULE IS

Customer Charge	135.79		135.79
Commodity Charge	.5573	3.8111	4.3684
<u>Delivery Service</u>			
Volumetric Rate	.4861		.4861
Banking & Balancing Service		.0212	.0212

RATE SCHEDULE IUS

For all Volumes Delivered			
Each Month	.1735	3.8111	3.9846
<u>Delivery Service</u>			
Volumetric Rate	.1735	1.3754	1.5489
Banking & Balancing Service		.0212	.0212
<u>Delivery Service - Mainline</u>			
For All Volumes Delivered	.1000		.1000
Banking & Balancing Service		.0212	.0212

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 82 of this tariff.