

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COLUMBIA) CASE NO. 94-179-N
GAS OF KENTUCKY, INC.)

O R D E R

On November 1, 1994, in Case No. 94-179, the Commission approved certain adjusted rates for Columbia Gas of Kentucky, Inc. ("Columbia") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On April 28, 1998, Columbia filed its GCA to be effective June 1, 1998 through August 31, 1998.

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 quarter beginning June 1, 1998 is \$4.1137.
2. Columbia's notice set out a rate for Banking and Balancing Service of 2.06 cents per Mcf.
3. Columbia's notice set out no take-or-pay refund adjustment.

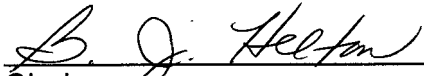
4. Columbia's notice set out no transportation take-or-pay refund adjustment.
5. Columbia's notice set out its annual actual cost adjustment ("ACA") of 19.69 cents per Mcf.
6. Columbia's notice set out its balancing adjustment ("BA") of 16.57 cents per Mcf.
7. Columbia's notice set out no current refund adjustment. The total refund adjustment of 13.06 cents per Mcf reflects previous quarter refund adjustments.
8. Columbia's notice set out a Special Agency Service refund adjustment of .01 cent per Mcf.
9. These adjustments produce a gas cost recovery rate ("GCR") of \$4.3456 per Mcf, 18.76 cents per Mcf more than the prior rate.
10. The 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 June 1, 1998.

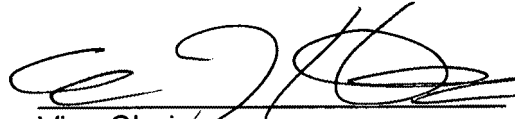
IT IS THEREFORE ORDERED that:

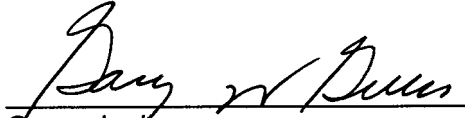
1. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after June 1, 1998.
2. Within 30 days of the date of this Order, Columbia shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 15th day of May, 1998.

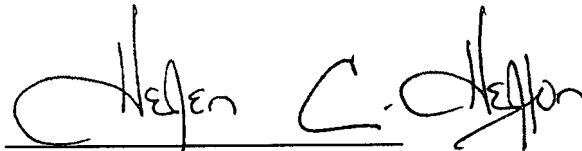
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-179-N DATED MAY 15, 1998.

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>Base Rate Charge</u>	<u>Gas Cost Demand</u>	<u>Adjustment Commodity</u>	<u>Total Billing Rate</u>
<u>SCHEDULE GSR</u>				
First 1 Mcf or less per mo.	\$ 8.10	\$ 1.3079	\$ 3.0377	\$12.4456
Over 1 Mcf per mo.	2.1800	\$ 1.3079	\$ 3.0377	6.5256
<u>RATE SCHEDULE GSO</u>				
Commercial or Industrial				
First 1 Mcf or less	22.00	\$ 1.3079	\$ 3.0377	26.3456
Next 49 Mcf per mo.	2.1800	\$ 1.3079	\$ 3.0377	6.5256
Next 350 Mcf per mo.	2.1149	\$ 1.3079	\$3.0377	6.4605
Next 600 Mcf per mo.	2.0149	\$ 1.3079	\$ 3.0377	6.3605
Over 1,000 Mcf per mo.	1.8409	\$ 1.3079	\$ 3.0377	6.1865
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
<u>Standby Service Demand Charge</u>				
Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agrmt.		8.9404		8.9404
<u>Delivery Rate Per Mcf</u>				
First 400 Mcf per mo.	2.1149			2.1149
Next 600 Mcf per mo.	2.0149			2.0149
Over 1,000 Mcf per mo.	1.8409			1.8409
Former IN8 Rate per Mcf	1.0575			1.0575
Banking & Balancing Service		0.0206		0.0206

RATE SCHEDULE IS

<u>Customer Charge per mo.</u>	\$135.79		\$135.79
First 30,000 Mcf	.6368	\$3.0377	3.6745
Over 30,000 Mcf	.3384	3.0377*	3.3761

Standby Service Demand Charge

Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agree.		8.9404	8.9404
---	--	--------	--------

Delivery Service

Administrative Charge	65.00		65.00
First 30,000 Mcf	0.6368		0.6368
Over 30,000 Mcf	0.3384		0.3384
Banking & Balancing Service		0.0206	0.0206

RATE SCHEDULE IUS

For all Volumes Delivered Each Month	.3539	1.3079	3.0377	4.6995
--------------------------------------	-------	--------	--------	--------

Delivery Service

Administrative Charge	65.00		65.00
Delivery Rate Per Mcf	.3539	1.3079	1.6618
Banking & Balancing Service		0.0206	0.0206

Mainline Delivery Service

Administrative Charge	65.00		65.00
Delivery Rate Per Mcf	0.1000		0.1000
Banking & Balancing Service		0.0206	0.0206

RATE SCHEDULE IN6 - INDUSTRIAL AND COMMERCIAL

Commodity Charge	1.7363	1.3079	3.0377	6.0819
------------------	--------	--------	--------	--------

RATE SCHEDULE IN7 - SMALL COMMERCIAL

Commodity Charge	.5924	1.3079	3.0377	4.9380
------------------	-------	--------	--------	--------

*IS customers may be subject to the demand gas cost, under the conditions set forth on Sheets 14 and 15 of this tariff.