

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COLUMBIA) CASE NO. 2002-00034
GAS OF KENTUCKY, INC.)

ORDER

On November 1, 1994, in Case No. 94-179, the Commission approved rates for Columbia Gas of Kentucky, Inc. (Columbia) and provided for their further adjustment in accordance with Columbia s gas cost adjustment (GCA) clause.

On January 30, 2002, Columbia filed its proposed GCA of \$5.7247 per Mcf to be effective March 1, 2002.

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

1. Columbia s notice includes rates designed to pass on to its customers its expected decrease in wholesale gas costs. Columbia s expected gas cost (EGC) is \$4.2582 per Mcf, a decrease of 82.59 cents per Mcf from its last EGC of \$5.0841.
2. Columbia s notice sets out a rate for Banking and Balancing Service of 2.11 cents per Mcf.
3. Columbia s notice sets out no take-or-pay refund adjustment.
4. Columbia s notice sets out no transportation take-or-pay refund adjustment.

5. Columbia's notice sets out no current refund adjustment (RA). This represents no change from previous adjustments.

6. Columbia's notice sets out an interim actual cost adjustment (ACA) of 28.14 cents per Mcf to collect under-recovered gas cost for the six months ended December 31, 2001. The interim ACA, to be effective for the twelve months beginning March 1, 2002, would be in addition to Columbia's current annual ACA of \$1.0676, which was approved effective for twelve months beginning September 1, 2001. The proposed interim ACA would begin a process through which Columbia would implement semi-annual ACAs as opposed to the annual ACA presently permitted in its GCA clause. Although the Commission does not oppose Columbia implementing such a change, Columbia's existing GCA clause only provides for an annual ACA. In addition, its tariff provision governing interim GCA filings does not address the implementation of an interim, or semi-annual ACA. Therefore, until Columbia revises its tariff to reflect such changes in the timing and frequency of the ACA calculation, the ACA should remain at the previously approved annual level of \$1.0676.

7. Columbia's notice sets out its 6-month balancing adjustment (BA) of 12.92 cents per Mcf to reconcile variances from previous refund and balancing adjustments. This represents an increase of 12.97 from the previous rate.

8. Columbia's notice sets out a Special Agency Service refund adjustment of .01 cent per Mcf. This represents no change from the previous rate.

9. Columbia's approved gas cost recovery rate (GCR) is \$5.4433 per Mcf, which is 69.62 cents per Mcf less than its previous GCR of \$6.1395.

10. The rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for gas supplied by Columbia on and after March 1, 2002.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for gas supplied on and after March 1, 2002.

2. Within 20 days of the date of this Order, Columbia shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 28th day of February, 2002.

By the Commission

ATTEST:

Deputy W. H. Fowler
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00034 DATED February 28, 2002.

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	\$ 1.1585	\$4.2848	\$13.5433
Over 1 Mcf per mo.	2.1800	1.1585	4.2848	7.6233
<u>RATE SCHEDULE GSO</u>				
Commercial or Industrial				
First 1 Mcf or less per mo.	22.00	1.1585	4.2848	27.4433
Next 49 Mcf per mo.	2.1800	1.1585	4.2848	7.6233
Next 350 Mcf per mo.	2.1149	1.1585	4.2848	7.5582
Next 600 Mcf per mo.	2.0149	1.1585	4.2848	7.4582
Over 1000 Mcf per mo.	1.8409	1.1585	4.2848	7.2842
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
<u>Standby Service Demand Charge</u>				
Demand Charge Times Daily Firm Vol. (Mcf) In Customer Service Agreement		8.6497		8.6497
<u>Delivery Rate Per Mcf</u>				
First 400 Mcf per mo.	2.1149			2.1149
Next 600 Mcf per mo.	2.0149			2.0149
All Over 1000 Mcf per mo.	1.8409			1.8409
Former IN8 Rate	1.0575			1.0575
Banking and Balancing Service		0.0211		0.0211

RATE SCHEDULE IS

<u>Customer Charge per mo.</u>	\$135.79			\$135.79
First 30,000 Mcf	.6368	4.2848*		4.9216
Over 30,000 Mcf	.3384	4.2848		4.6232
<u>Standby Service Demand Charge</u>				
Demand Charge Times Daily Firm Vol. (Mcf) in Customer Service Agreement		8.6497		8.6497
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
First 30,000 Mcf	.6368			.6368
Over 30,000 Mcf	.3384			.3384
Banking and Balancing Service		.0211		.0211

RATE SCHEDULE IUS

For All Volumes Delivered Each Month	.3539	1.1585	4.2848	5.7972
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
Delivery Rate per Mcf	.3539	1.1585		1.1585
Banking and Balancing Service		0.0211		0.0211
<u>Mainline Delivery Service</u>				
Administrative Charge	65.00			65.00
Delivery Rate per Mcf	0.1000			0.1000
Banking and Balancing Service		0.0211		0.0211

RATE SCHEDULE IN6 INDUSTRIAL AND COMMERCIAL

Commodity Charge	1.7363	1.1585	4.2848	7.1796
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RATE SCHEDULE IN7 SMALL COMMERCIAL

Commodity Charge	.5924	1.1585	4.2848	6.0357
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*IS customers may be subject to the demand gas cost, under the conditions set forth on Sheets 48 and 51 of this tariff.