

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE BY PENDLETON COUNTY WATER)	
DISTRICT, GAS DIVISION TO IN-)	
CREASE BASIC GAS RATES, TO IMPOSE)	
A TEMPORARY GAS SURCHARGE TO)	CASE NO. 8568
PAY ITS SUPPLIERS AND MOTION)	
FOR INTERIM RATES)	

INTERIM ORDER

On October 13, 1982, Pendleton County Water District, Gas Division ("Pendleton"), filed its notice seeking an emergency increase in its basic rates charged for gas service, and a surcharge to be used for the retirement of its past due liability for purchased gas.

The Commission set a public hearing to be held in its offices in Frankfort, Kentucky, on November 17, 1982, in order to consider Pendleton's request for emergency relief. The hearing was held as scheduled with the Consumer Protection Division of the Attorney General's Office, Columbia Gas Transmission Corporation and Columbia LNG Corporation intervening in the proceeding.

COMMENTARY

According to Pendleton's witness, Mr. Asher, Pendleton has not sought an increase in its gas rates for nearly 8 years.

Because of this failure to seek timely rate relief, Pendleton is now unable to meet the current cash requirements necessary to provide a reliable source of gas to its customers and meet its operating expenses in a timely and financially acceptable manner. Moreover, Pendleton became delinquent in payments to its gas suppliers, Columbia Transmission Corporation and Columbia LNG Corporation, in the aggregate amount of over \$660,000.

The Commission now finds itself in the position of being requested to allow a surcharge to pay this past-due account. In the interest of maintaining a fundamentally sound system, and thus a reliable source of gas for Pendleton's customers, the Commission will allow a surcharge based on Pendleton's ability to obtain a 5-year bank loan at 10 percent interest, the proceeds of which are to be used entirely for the elimination of past-due accounts payable.

The Commission takes notice of Pendleton's explanation for failure to seek timely rate relief in that it was attempting to negotiate the sale of the gas system. However, the Commission is of the opinion that the primary concern of the management of Pendleton, indeed of any utility's, is to maintain both the safe operation and financial integrity of the utility and advises Pendleton that it will not tolerate failure to maintain the financial integrity of its system in the future.

SUMMARY

Based on the financial condition of Pendleton, the Commission finds that an emergency exists and that Pendleton's credit or operations will be materially impaired or damaged unless an interim increase and surcharge is granted prior to the final Order of the Commission in this proceeding.

Based on a review of Pendleton's application and its current financial condition the Commission finds that Pendleton should be granted an interim rate as set out in Appendix A and a surcharge as set out in Appendix B of this Order. The Commission further finds the interim rate and the surcharge should be subject to refund pending final determination of Pendleton's request for permanent relief.

IT IS THEREFORE ORDERED that Pendleton County Water District, Gas Division, is hereby authorized to place into effect an interim rate as set forth in Appendix A for service rendered on and after the date of this Order.

IT IS FURTHER ORDERED that Pendleton County Water District, Gas Division, is hereby authorized to place into effect a surcharge as set forth in Appendix B on and after the date of this Order.

IT IS FURTHER ORDERED that the revenue from this interim rate and surcharge shall be collected subject to refund.

IT IS FURTHER ORDERED that Pendleton shall maintain its records in such manner as will enable it, the Commission or any

of its customers to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the purchased gas adjustment clause of Pendleton the base rate for purchased gas shall be:

Commodity

Columbia Gas Transmission Corporation

Schedule SGS

4.4755

IT IS FURTHER ORDERED that Pendleton shall furnish this Commission within 20 days of the date of this Order its revised tariff sheet setting forth the interim rate and surcharge approved herein.

Done at Frankfort, Kentucky, this 24th day of November, 1982

PUBLIC SERVICE COMMISSION

Did not participate
Chairman

Katharine Randall
Vice Chairman

Len Carrigan
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8568 DATED NOVEMBER 24, 1982

The following rates are prescribed for the customers in the areas served by Pendleton County Water District, Gas Division. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

<u>RATES:</u>	<u>Monthly</u>	<u>Rates per Unit</u>
<u>Residential</u>		
First	1,000 cu. ft. (Minimum Bill)	\$7.24 per Mcf
Next	1,000 cu. ft.	.6663 per Ccf
Next	4,000 cu. ft.	.6410 per Ccf
Over	6,000 cu. ft.	.6360 per Ccf

Commercial:

First	1,000 cu. ft. (Minimum Bill)	\$7.79 per Mcf
Next	19,000 cu. ft.	.6360 per Ccf
Next	10,000 cu. ft.	.6310 per Ccf
Next	10,000 cu. ft.	.6260 per Ccf
Next	10,000 cu. ft.	.6210 per Ccf
Over	50,000 cu. ft.	.6160 per Ccf

Industrial:

All gas per Mcf	\$6.119
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Special Contracts:

Interruptible Service:

Griffin Industries, Inc., per Mcf	\$5.649
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Firm Gas Service:

MAGO Construction Co., Inc., per Mcf	\$5.863
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The above rates and charges have incorporated all increases and decreases through PGA Case No. 5988-BBB.

APPENDIX B

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8568 DATED NOVEMBER 24,
1982

The following surcharge is prescribed for the customers
in the areas served by Pendleton County Water District, Gas
Division.

All Mcf

\$.6395