

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE MOTION OF COLUMBIA GAS OF)	
KENTUCKY, INC., FOR AN ORDER)	
REQUIRING THE COMMISSION TO)	
EXTEND THE SURCHARGE ADDED TO)	CASE NO. 9225
THE RATES AND CHARGES OF)	
PHELPS GAS COMPANY)	

O R D E R

On November 30, 1982, the Commission ordered Phelps Gas Company ("Phelps") to collect from its ratepayers a surcharge of \$2 per month, plus an additional charge of \$.51 per Mcf for a period not to exceed 24 months or until total revenues, including accrued interest at 7 percent per annum, of \$44,890 are collected. Amounts collected under this surcharge were to be applied by Phelps to the settlement of the debt owed to Columbia Gas of Kentucky, Inc. ("Columbia").

On February 14, 1985, the Commission approved Columbia's request for an extension of the surcharge added to the rates and charges of Phelps for 8 months for the period from February, 1985, through the end of September, 1985. This would enable Columbia to collect revenues sufficient to eliminate an arrearage balance in December, 1984, of \$8,831 owed to it by Phelps.

On February 22, 1985, the Office of the Attorney General ("A.G.") filed a petition for rehearing or modification of the February 14, 1985, Order issued by the Commission. This petition cited the fact that the original surcharge Order entered in November, 1982, for Phelps was currently on appeal to the Kentucky Court of Appeals. The A.G. therefore requested that the Commission modify its latest Order to provide that if the final judicial decision should be adverse to the Commission's position that Phelps will be required to refund or credit all surcharge monies collected to its customers. An alternative request presented by the A.G. was that the Order be modified to require payment of surcharge monies into an escrow account pending final judicial resolution of the surcharge issue.


After reviewing the petition filed in this case and being advised, the Commission is of the opinion and finds that:

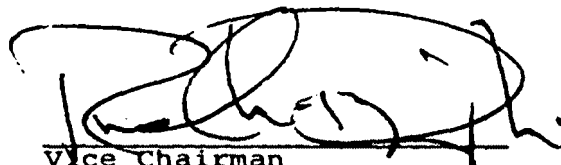
1. A rehearing or modification of the February 14, 1985, Order issued for this case should be denied. The revenues that have been collected over the last 2 years from surcharges have not been placed in an escrow account; therefore, to now require this procedure for these last few months is unnecessary. Considering the fact that the Commission has jurisdiction over both companies involved in the transaction, Columbia and Phelps, there would be no difficulty in arranging the settlement deemed appropriate by the Kentucky Court of Appeals if its decision should be contrary to the Commission's position on surcharges.

IT IS THEREFORE ORDERED that the A.G.'s petition for a rehearing or modification of the February 14, 1985, Order issued by the Commission is hereby denied.

Done at Frankfort, Kentucky, this 15th day of March, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary