

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COW)
CREEK GAS, INC., FORMER)
SIGMA GAS CORPORATION)
CUSTOMERS) CASE NO. 2008-00357

ORDER

On June 8, 2006, in Case No. 2006-00171,¹ the Commission approved rates for Cow Creek Gas, Inc. ("Cow Creek") and provided for their further adjustment in accordance with Cow Creek's Gas Cost Adjustment ("GCA") clause. On January 12, 2008, Cow Creek acquired the assets of the former Sigma Gas Corporation ("Sigma") and adopted Sigma's tariffs for furnishing natural gas to Sigma customers in Johnson, Floyd and Magoffin counties.²

On August 29, 2008, Cow Creek filed its proposed GCA, to be applied only to the former Sigma customers, effective October 1, 2008. On September 18, 2008, Cow Creek filed a revised Schedule IV.

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

¹ Case No. 2006-00171, Application of Cow Creek Gas, Inc. for Authority to Adjust Its Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities.

² Case No. 2007-00419, Application of DLR Enterprises, Inc. and Cow Creek Gas, Inc. for Approval of the Transfer of Certain Assets Formerly Owned and Controlled by Sigma Gas Corporation, Order dated November 21, 2007.

1. Cow Creek's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Cow Creek's notice sets out an Expected Gas Cost ("EGC") of \$12.20 per Mcf, which is \$1.15 per Mcf less than the previous EGC of \$13.35.

3. Cow Creek's notice sets out no current quarter Refund Adjustment ("RA"). Cow Creek's notice sets out no total RA, which is no change from the previous total RA.

4. Cow Creek's notice sets out a current quarter Actual Adjustment ("AA") of \$0. In comparing its unit cost of gas to the EGC in effect for the months of February through June 2008, Cow Creek rounded its EGC to \$11.33, rather than using the full approved EGC of \$11.3313. Recalculating the current quarter AA using the full EGC produces a current quarter AA of (\$.0006) per Mcf. Cow Creek's total AA is (\$.0006) per Mcf, which is a decrease of \$.0006 per Mcf from the previous total AA.

5. Cow Creek's notice sets out no Balance Adjustment ("BA"). Cow Creek's notice sets out no total BA, which is no change from the previous BA.

6. Cow Creek's GCA is \$12.1994 per Mcf, which is \$1.1506 per Mcf less than the previous GCA of \$13.35.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by Cow Creek on and after October 1, 2008.

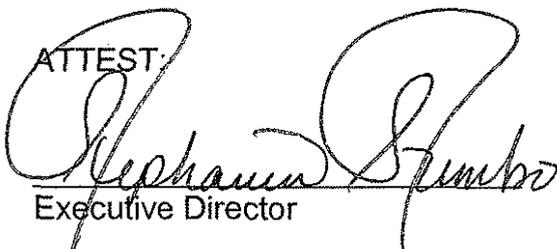
IT IS THEREFORE ORDERED that:

1. Cow Creek's proposed rates are denied.
2. The rates in the Appendix to this Order are approved for billing for service rendered on and after October 1, 2008.

3. Within 20 days of the date of this Order, Cow Creek shall file with this Commission revised tariffs for its Sigma customers setting out the rates approved herein.

Done at Frankfort, Kentucky, this 29th day of September, 2008.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00357 DATED SEPTEMBER 29, 2008

The following rates and charges are prescribed for the customers in the area formerly served by Sigma Gas Corporation and now served under the name Cow Creek Gas, 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.

RATE SCHEDULES

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
First Mcf	\$6.2500	\$12.1994	\$18.4494
Over 1 Mcf	\$4.5522	\$12.1994	\$16.7516
Minimum Bill	\$18.4494		