

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF ELAM UTILITY) CASE NO. 2007-00138
COMPANY)

ORDER

On October 24, 2003, in Case No. 2003-00171, the Commission approved rates for Elam Utility Company ("Elam") and provided for their further adjustment on a quarterly basis in accordance with Elam's gas cost adjustment ("GCA") clause.¹

On March 30, 2007, Elam filed its proposed GCA to be effective May 1, 2007. On April 19, 2007, Elam supplied additional information in response to Commission Staff's ("Staff") phone call of the same date. Since a substantial amount of the information in Elam's original filing needed to be updated, Staff has recalculated Elam's entire GCA filing which is attached as Appendix B.

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

1. Elam's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Elam's recalculated Expected Gas Cost ("EGC") is \$10.9695, which is 84.44 cents per Mcf more than the previously approved EGC of \$10.1251.
3. Elam's notice sets out no current refund adjustment ("RA").

¹ Case No. 2003-00171, A Review of the Rates of Elam Utility Company, Inc. Pursuant to the Decision to Approve the Financing Requested in Case No. 2001-00324, Order dated October 24, 2003.

4. Elam's recalculated current quarter actual adjustment ("AA") is (\$3.1060) per Mcf. Elam's total AA is (\$1.5982) per Mcf, which is a decrease of \$3.1060 per Mcf from the previous total AA.

5. Elam's notice sets out no current quarter balancing adjustment ("BA"). Elam's total BA is 0, which is no change from the previous total BA.

6. Elam's revised GCA is \$9.3713 per Mcf, which is \$2.2616 per Mcf less than the previous GCA of \$11.6329.

7. The rates in Appendix A to this Order are fair, just and reasonable, and should be approved for billing for service rendered by Elam on and after May 1, 2007.

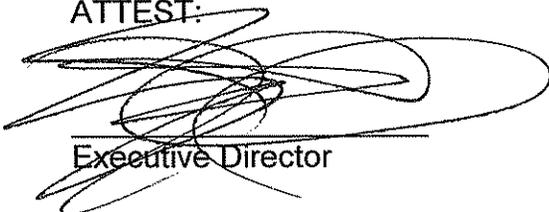
IT IS THEREFORE ORDERED that:

1. Elam's proposed rates are denied.
2. The rates in Appendix A to this Order are approved for billing for service rendered on and after May 1, 2007.
3. Within 20 days of the date of this Order, Elam shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 30th day of April, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00138 DATED *April 30, 2007*.

The following rates and charges are prescribed for the customers served by Elam Utility Company. 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 effective date of this Order.

RATES:

Residential

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
Customer Charge			\$6.15
All Mcf	\$4.2999	\$9.3713	\$13.6712

Industrial

Customer Charge			\$9.00
All Mcf	\$3.8101	\$9.3713	\$13.1814

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00138 DATED April 30, 2007.

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGA)	\$/Mcf	\$10.9695
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$1.5982)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$9.3713
A. EXPECTED GAS COST CALCULATION	Unit	Amount
Total Expected Gas Cost (Sch II)	\$/Mcf	\$529,817.88
/Sales for the 12 months ended February 28, 2007	\$/Mcf	48,299.00
Expected Gas Cost	\$/Mcf	\$10.9695
B. REFUND ADJUSTMENT CALCULATION	Unit	Amount
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	\$0.0000
+Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
=Refund Adjustment (RA)	\$ Mcf	\$0.0000
C. ACTUAL ADJUSTMENT CALCULATION	Unit	Amount
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	(\$3.1060)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$1.5078
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0000
=Actual Adjustment (AA)	\$ Mcf	(\$1.5982)
D. BALANCE ADJUSTMENT CALCULATION	Unit	Amount
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	\$0.0000
+Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
=Balance Adjustment (BA)	\$ Mcf	\$0.0000

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended
2/28/07

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Jefferson Gas Transmission		1	2,500	\$8.5500	\$21,375.00
	2,500				
North American Energy		1.0756	42,221	\$10.4000	\$472,295.20
	45,413				
Columbia Gas Transmission		1.0756	42,221		\$35,122.41
	45,413			0.7734	
Demand Charge					\$1,025.27
Totals			44,721		\$529,817.88

Line loss for 12 months ended 2/28/07 is based on purchases of 44,721.09 Mcf
and sales of 48,299.00 Mcf is -8.00%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) / Mcf Purchases (4)		\$529,817.88
= Average Expected Cost Per Mcf Purchased	44,721.09	\$11.8472
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		
= Total Expected Gas Cost (to Schedule IA)	44,721.09	\$529,817.88

** Based on 3-Month NYMEX Strip plus \$1.00 transportation

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended February 2007.

	June '06	July '06	August '06	Sept. '06	Oct. '06	Nov. '06	Dec. '06	Jan. '07	Feb. '07
Volumes Purchased Mcf	1309	333	335	1320	9588	14577	15109	22535	12828
Volumes Purchased \$	\$2,484.34	\$1,077.07	\$1,102.22	\$1,868.35	\$69,912.12	\$102,810.39	\$154,448.31	\$152,106.21	\$28,218.63
/ Total Sales *	1,333.0	951.0	1,063.0	1,254.0	9,108.6	13,848.2	14,353.6	21,408.3	12,186.6
= Unit Cost of Gas \$/Mcf	\$1.8637	\$1.1326	\$1.0369	\$1.4899	\$7.6754	\$7.4241	\$10.7603	\$7.1050	\$2.3155
- EGC in Effect for Month	\$8.6904	\$8.6904	\$8.6904	\$8.6904	\$8.6904	\$8.6904	\$10.1251	\$10.1251	\$10.1251
= Difference	(\$6.8267)	(\$7.5578)	(\$7.6535)	(\$7.2005)	(\$1.0150)	(\$1.2663)	\$0.6352	(\$3.0201)	(\$7.8096)
x Actual Sales	1,333.0	951.0	1,063.0	1,052.0	2,461.0	4,585.0	5,794.0	8,110.0	11,384.0
= Monthly Cost Difference	(\$9,099.96)	(\$7,187.50)	(\$8,135.68)	(\$7,574.91)	(\$2,497.92)	(\$5,805.87)	\$3,680.27	(\$24,492.79)	(\$88,903.97)

Total Cost Difference

\$ (\$150,018.33)

/ Sales for 12 months ended 5/31/06

Mcf 48,299.0

= Actual Adjustment for the Reporting Period (to Sch IC)

(\$3.1060)

* May not be less than 95% of supply volume

PURCHASES-COST

	<u>June '06</u>	<u>July '06</u>	<u>August '06</u>	<u>Sept. '06</u>	<u>Oct. '06</u>	<u>Nov. '06</u>	<u>Dec. '06</u>	<u>Jan. '07</u>	<u>Feb. '07</u>
Jefferson	\$768.07	\$51.80	\$76.95	\$82.83	\$908.28	\$2,619.54	\$3,507.04	\$4,688.76	\$5,557.68
TCO Demand	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27
TCO Commodity	\$691.00			\$760.25	\$2,181.97	\$3,693.58		\$6,064.98	\$1,480.48
North American					\$65,796.60	\$95,472.00	\$149,916.00	\$140,327.20	\$20,155.20
TOTAL	\$2,484.34	\$1,077.07	\$1,102.22	\$1,868.35	\$69,912.12	\$102,810.39	\$154,448.31	\$152,106.21	\$28,218.63

PURCHASES-VOLUME

	<u>June '06</u>	<u>July '06</u>	<u>August '06</u>	<u>Sept. '06</u>	<u>Oct. '06</u>	<u>Nov. '06</u>	<u>Dec. '06</u>	<u>Jan. '07</u>	<u>Feb. '07</u>
Jefferson	89	7	9	11	116	294	368	492	664
TCO Demand	326	326	326	326	326	326	326	326	326
TCO Commodity	894			983	2,822	4,777		8,224	9,900
North American					6,324	9,180	14,415	13,493	1,938
TOTAL	1,309	333	335	1,320	9,588	14,577	15,109	22,535	12,828

SALES	
March '06	7,093
April '06	2,472
May '06	2,001
June '06	1,333
July '06	951
August '06	1,063
Sept. '06	1,052
Oct. '06	2,461
Nov. '06	4,585
Dec. '06	5,794
Jan. '07	8,110
Feb. '07	11,384
<u>TOTAL</u>	<u>48,299</u>