

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF)
GASCO DISTRIBUTION SYSTEMS, INC.) CASE NO. 2010-00408

O R D E R

On February 16, 1995,¹ the Commission approved rates for Gasco Distribution Systems, Inc. ("Gasco") and provided for their further adjustment on a quarterly basis in accordance with its Gas Cost Adjustment clause.

On October 20, 2010, Gasco filed its proposed Gas Cost Recovery ("GCR") rate to be effective November 1, 2010.

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

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

2. Gasco's proposed Expected Gas Cost ("EGC") is \$6.4496 per Mcf. Gasco incorrectly calculated its "Total Expected Gas Cost," which should have been \$214,056 instead of \$198,701. This correction produces an EGC of \$6.9481 per Mcf, which is a decrease of \$.6681 per Mcf from the previous EGC of \$7.6162 per Mcf.

¹ Case No. 1994-00427, Application of Gasco Distribution Systems, Inc. for a Certificate of Convenience and Necessity to Provide Local Gas Distribution Service to Albany, Ky. and for Transfer of the Albany Gas Utility Company (Ky. PSC Feb. 16, 1995).

3. Gasco's notice sets out no current quarter Refund Adjustment.
4. Gasco's notice sets out a current quarter Actual Adjustment ("AA") of \$.1897 per Mcf. Gasco did not use the "EGC in effect for month" of \$8.4616 approved for rates effective May 1, 2010 in calculating the cost differences for May, June, and July 2010. Correcting this produces a current quarter AA of \$.2734 per Mcf. Gasco's total AA is \$3.7675 per Mcf, which is an increase of \$.8716 per Mcf from its previous total AA of \$2.8959 per Mcf.
5. Gasco's notice sets out a current quarter Balance Adjustment ("BA") of (\$.2247) per Mcf. The proposed BA is designed to return net over-recoveries of gas cost from Gasco's \$4.9284 surcharge approved in Case No. 2008-00096² and from its expired (\$.4470) AA. The information provided by Gasco shows that surcharge collections from August 2008 through September 2010 were \$283,708 (surcharge volumes of 57,566 multiplied by the surcharge amount of \$4.9284 per Mcf) as opposed to \$283,335 as reported by Gasco. Correcting for this error produces a current BA of (\$.2368) per Mcf. Gasco's total BA is (\$1.8091) per Mcf, which is a decrease of \$.1694 per Mcf from its previous total BA of (\$1.6397) per Mcf.
6. Gasco's GCR is \$8.9065 per Mcf, which is an increase of \$.0341 per Mcf from its previous rate of \$8.8724 per Mcf.
7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Gasco on and after November 19,

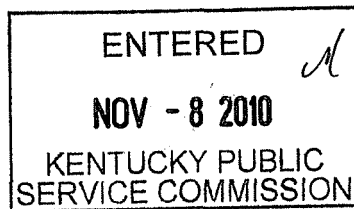
² Case No. 2008-00096, An Investigation into the Reasonableness of the Gas Cost Recovery Filing of Gasco Distribution Systems, Inc. (Ky. PSC Aug. 14, 2008).

2010. Gasco did not provide the 30 days' notice required for its rates to be effective November 1, 2010.

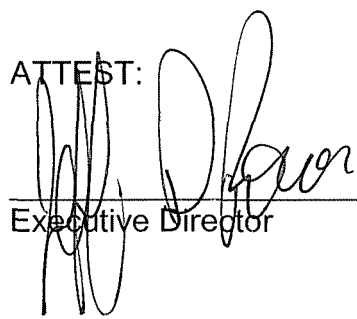
IT IS THEREFORE ORDERED that:

1. Gasco's proposed rates are denied.
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after November 19, 2010.
3. Within 20 days of the date of this Order, Gasco shall file its revised tariff sheets with the Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00408 DATED NOV - 8 2010

The following rates and charges are prescribed for the customers served by Gasco Distribution Systems, Inc. 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:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Residential	\$4.62	\$8.9065	\$13.5265
Commercial	\$3.62	\$8.9065	\$12.5265

Trina L King
Secretary
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