

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF KENTUCKY FRONTIER GAS, LLC DBA COW CREEK GAS, INC.)))	CASE NO. 2011-00365
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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 11, 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 May 10, 2010, Kentucky Frontier Gas Company, LLC acquired the stock of Cow Creek, pursuant to the Commission’s approval of the transfer, and adopted Cow Creek’s tariffs.³

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 (Ky. PSC Jun. 8, 2006).

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 (Ky. PSC Nov. 21, 2007).

³ Case No. 2010-00076, Application of Kentucky Frontier Gas Company, LLC for Approval of Transfer of Stock of Cow Creek Gas, Inc., Dema Gas Company, Inc., Purchase of Farm Tap and Royalty Gas Customers of Interstate Natural Gas Company and Transfer of a Portion of DLR Enterprises, Inc. Pipeline to Cow Creek Gas, Inc. (Ky. PSC May 7, 2010).

On September 2, 2011, Cow Creek filed its proposed GCA effective October 1, 2011.

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

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 \$8.2792 per Mcf. Cow Creek's proposed EGC included a calculation error as well as pricing from an expired contract. Correcting for these produces an EGC of \$5.0131 per Mcf, which represents a decrease of \$3.2661 per Mcf from the previous EGC of \$8.2792 per Mcf.

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 (\$.6046) per Mcf. Cow Creek's total AA is (\$1.7308) per Mcf, which is a decrease of \$.6352 per Mcf from the previous total AA of (\$1.0956) per Mcf.

5. Cow Creek's GCA is \$3.2823 per Mcf, which is a decrease of \$3.9013 per Mcf from the previous GCA of \$7.1836 per Mcf.

6. 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, 2011.

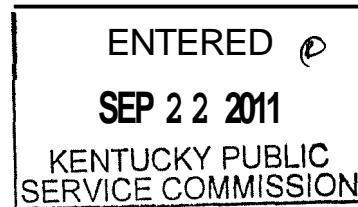
IT IS THEREFORE ORDERED that:

1. The rates proposed by Cow Creek are denied.

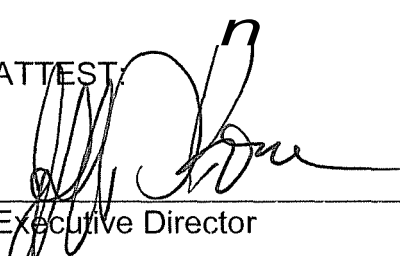
2. The rates in the Appendix to this Order are approved for billing for service rendered on and after October 1, 2011.

3. Within 20 days of the date of this Order, Cow Creek shall file revised tariffs with this Commission for its Sigma customers 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. 2011-00365 DATED **SEP 22 2011**

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	\$3.2823	\$9.5323
Over 1 Mcf	\$ 4.5522	\$3.2823	\$7.8345
Minimum Bill	\$ 9.5323		

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