

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF PUBLIC GAS COMPANY)	2015-00426

ORDER

On March 27, 2013, in Case No. 2012-00431,¹ the Commission approved rates for Public Gas Company ("Public") and provided for their further adjustment in accordance with Public's Gas Cost Adjustment ("GCA") clause. On November 24, 2015, In Case No. 2015-00299,² the Commission entered an Order approving the transfer of Public's assets to Kentucky Frontier Gas, LLC.

On December 28, 2015, Public filed its proposed Gas Cost Recovery ("GCR") rate application to be effective February 1, 2016.

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

1. Public's notice includes a revised rate designed to pass on to its customers its expected change in wholesale gas costs.

2. Public's notice sets out an Expected Gas Cost ("EGC") of \$4.4231 per Mcf. Public miscalculated its EGC by failing to multiply its 12 months' sales volumes by its estimated Btu-adjusted gas cost. Correcting this by using the Jefferson Gas price

¹ Case No. 2012-00431, *Application of Public Gas Company for Rate Adjustment for Small Utilities Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 27, 2013).

² Case No. 2015-00299, *Joint Application of Kentucky Frontier Gas, LLC and Public Gas Company for Approval of Transfer and Acquisition of Assets and Financing* (Ky. PSC Nov. 24, 2015).

estimate provided on Schedule II, and applying Public's 1.118 Btu factor from its previous GCR filing produces an EGC of \$4.2079 per Mcf, which is a decrease of \$.2198 per Mcf from the previous EGC of \$4.4277 per Mcf.

3. Public's notice sets out no current quarter Refund Adjustment.

4. Public's notice sets out a current quarter Actual Cost Adjustment ("ACA") of \$.0090 per Mcf. Public did not use the correct Previous Quarter Actual Adjustment of (\$.0069) per Mcf in the calculation of its total ACA. Public's corrected total ACA is (\$.4801) per Mcf, which is an increase of \$.0116 per Mcf from the previous total ACA of (\$.4917) per Mcf.

5. Public's corrected GCR rate is \$3.7278 per Mcf, which is a decrease of \$.2082 per Mcf from the previous GCR rate of \$3.9360 per Mcf.

6. The rate set forth in the Appendix to this Order is fair, just, and reasonable and should be approved for service rendered by Public on and after February 1, 2016.

IT IS THEREFORE ORDERED that:

1. The rate proposed by Public is denied.

2. The rate set forth in the Appendix to this Order is approved for service rendered by Public on and after February 1, 2016.

3. Within 20 days of the date of this Order, Public shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED
JAN 13 2016
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2015-00426

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00426 DATED **JAN 13 2016**

The following rates and charges are prescribed for the customers in the area served by Public Gas 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.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge	\$10.00		
All Ccf	\$.30914	\$.37278	\$.68192

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