

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT)
FILING OF JOHNSON COUNTY GAS)
COMPANY, INC.) CASE NO. 10415-KK

ORDER

On April 24, 1991, in Case No. 91-004, the Commission approved adjustments to the rates of Johnson County Gas Company, Inc. (Johnson County) on a quarterly basis in accordance with the Gas Cost Adjustment (GCA) Clause set forth in the Order.

On February 5, 1999, Johnson County filed its GCA to be effective from April 1, 1999 to July 1, 1999.

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

1. In its notice of February 5, 1999, Johnson County proposed rates designed to pass on its change in wholesale gas costs to its customers. Johnson County's proposed expected gas cost (EGC) is \$3.6988 per Mcf. Johnson County used an incorrect number for sales volumes and included Kentucky West Virginia Gas Company (Kentucky West) rates in its computation even though Kentucky West is no longer supplying gas to Johnson County. Correcting for these errors produces an EGC of \$3.5458 per Mcf, a decrease of 24.50 cents per Mcf from the prior EGC.

2. Johnson County's notice set out no refund adjustment.

3. Johnson County's notice set out a current quarter actual adjustment (AA) of (1.70) cents per Mcf to reconcile gas cost from October, November, and December 1998. Johnson County mistakenly calculated its current AA using sales of 254,675 Mcf instead of 26,612 Mcf. The current AA should be (16.27) cents per Mcf. The corrected total AA of (12.43) cents per Mcf reflects the current over-recovery as well as under- and over-recoveries from previous quarters. The total AA represents a decrease of \$1.0044 per Mcf from the total AA previously in effect. Johnson County had calculated a total AA of 19.90 cents per Mcf by including the previous quarter AA at the 2.78 cents per Mcf proposed by Johnson County in a previous filing rather than the 2.75 cents per Mcf as recalculated by the Commission, and the third previous quarter AA at 13.83 cents per Mcf instead of the approved (3.90) cents per Mcf.

4. Johnson County's notice set out a current quarter balance adjustment (BA) of \$1.0456 per Mcf. Johnson County did not use the correct total cost difference of (\$231.41) or the correct expired AA of (.72) cent per Mcf in calculating its over-recovery. Correcting for this error and dividing by the correct annual sales volume number of 26,612 Mcf results in a current BA of (.15) cent per Mcf. The total BA of (.81) cent per Mcf is composed of the current and previous quarter BAs, and correctly sets out the previous quarter BA at (.22) cents per Mcf as approved by the Commission instead of .22 cents per Mcf as proposed by Johnson County, and the second previous quarter BA at (.44) cents per Mcf as approved by the Commission instead of (19.24) cents per Mcf as proposed by Johnson County, and the third previous quarter BA at 0 cents per Mcf as approved by the Commission instead of 4.01 cents per Mcf as

proposed by Johnson County. The total BA represents an increase of .45 cent per Mcf over the total BA previously in effect.

5. These adjustments produce a corrected gas cost recovery rate of \$3.4134 per Mcf, a decrease of \$1.2449 per Mcf from the prior rate of \$4.6583 per Mcf.

6. The corrected rate adjustment in the Appendix to this Order is fair, just and reasonable, in the public interest, and should be approved for service rendered on and after April 1, 1999.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Johnson County are hereby denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after April 1, 1999.
3. Within 30 days of the date of this Order, Johnson County shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 31st day of March, 1999.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10415-KK DATED MARCH 31, 1999

The following rates and charges are prescribed for the customers served by Johnson County Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer charge			\$3.00
All Mcf	\$2.9871	\$3.4134	\$6.4005

A surcharge in the amount of \$.4155 per Mcf will be added to the above rates until the obligation owed to Kentucky West Virginia Gas Company has been discharged or is recalculated.