

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST RECOVERY)
FILING OF SIGMA GAS CORPORATION) CASE NO. 98-244-D

O R D E R

On October 27, 1998, in Case No. 98-244, the Commission approved certain rates for Sigma Gas Corporation ("Sigma") and provided by tariff for their further adjustment on a quarterly basis in accordance with its approved gas cost adjustment ("GCA") clause.

On August 27, 1999, Sigma filed its GCA to be effective October 1, 1999 through December 31, 1999.

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

1. In its notice of August 27, 1999 Sigma proposed revised rates designed to pass on to its customers its expected wholesale change in gas costs. Sigma proposed to calculate its Expected Gas Cost (EGC) based on a market-based estimate instead of its fixed price from Alliance Energy Services (Alliance) of \$2.90 per Mcf. Sigma s proposed EGC should be recalculated to reflect the \$2.90 gas cost plus 20 cents per Mcf for transportation instead of the market-based citygate estimate that Sigma had traditionally used in its calculation of gas cost from Alliance. Sigma s EGC should be \$3.2660 per Mcf, .25 cent per Mcf less than the prior EGC.

2. Sigma's notice set out no current refund adjustment.

3. Sigma's notice set out a current quarter actual adjustment ("AA") of (2.2) cents per Mcf to return over-recovered gas cost from April, May, and June 1999. The total AA of (18.96) cents per Mcf is composed of the current AA and previous quarter AAs, and represents an increase of 2.4 cents per Mcf from the prior total AA. It is corrected to exclude an expired AA of (4.6) cents per Mcf.

4. Sigma's notice proposed no current quarter balance adjustment ("BA") due to a de minimus remaining under-recovery. The total BA of 23.54 cents per Mcf represents a decrease of 1.2 cents per Mcf from the prior total BA. It is corrected to exclude an expired BA of 1.2 cents per Mcf.

5. Sigma's revised gas cost recovery rate is \$3.3118 per Mcf, .95 cent per Mcf more than the previously authorized rate of \$3.3023 per Mcf.

6. Sigma's adjustment in rates contained in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved effective with bills rendered on and after October 1, 1999.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Sigma are hereby denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are authorized to be effective with bills rendered on and after October 1, 1999.

3. Within 30 days of the date of this Order, Sigma shall file with this Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 24th day of September, 1999.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NOS. 98-244-D DATED SEPTEMBER 24, 1999

The following rates and charges are prescribed for the customers in the area served by Sigma Gas Corporation. 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</u>	<u>Total</u>
First Mcf (Minimum Bill)	\$6.25	\$3.3118	\$ 9.5618
All Over 1st Mcf	\$4.5522	\$3.3118	\$ 7.8640