

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                              |   |                     |
|------------------------------|---|---------------------|
| THE NOTICE OF PURCHASED GAS  | ) |                     |
| ADJUSTMENT FILING OF JOHNSON | ) | CASE NO. 2007-00491 |
| COUNTY GAS COMPANY, INC.     | ) |                     |

ORDER

On September 1, 1999, in Case No. 1999-00155, the Commission approved rates for Johnson County Gas Company, Inc. (“Johnson County”) and provided for their further adjustment in accordance with Johnson County’s gas cost adjustment (“GCA”) clause.<sup>1</sup>

On November 21, 2007, Johnson County filed its proposed GCA to be effective December 15, 2007.

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

1. Johnson County’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Johnson County proposes an expected gas cost (“EGC”) of \$8.0690, which is \$.3985 per Mcf more than the previously approved EGC of \$7.6705.

---

<sup>1</sup> Case No. 1999-00155, Application of Johnson County Gas Company, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities, Order dated September 1, 1999.

3. Johnson County's notice sets out no refund adjustment.

4. Johnson County's notice sets out a current quarter actual adjustment ("AA") of \$.1596 per Mcf for the period April 2007 through August 2007. Johnson County's previous quarterly AA covered the period October 2005 through December 2006. Johnson County's current quarter AA should therefore begin with January 2007, not April 2007. Correcting for this produces a current quarter AA of (\$3.0253) per Mcf. Johnson County's notice sets out a total AA of \$.1596 per Mcf. Johnson County failed to include its previous quarter AA of (\$2.9614) which will be in effect until April 1, 2008. Including the previous quarter AA and the corrected current quarter AA produces a total AA of (\$5.9867), which is \$3.0253 per Mcf less than the previous total AA. Staff's revised calculations are attached as Appendix B.

5. Johnson County's notice sets a current quarter balancing adjustment ("BA") of (\$1.2121) per Mcf. Johnson County's calculation of its current quarter BA uses a factor from its prior AA that is currently still in effect until this Order approves a change in rates. The purpose of a BA is to true-up the difference between the amount Johnson County needed to collect or return to its customers through the AA and the amount actually collected or returned. The AA or AAs involved are typically in the GCA for 12 months; therefore, the BA is not calculated until the AA expires and the actual amounts collected or returned can be determined. Commission Staff has reviewed Johnson County's previous GCA filings and determined that a BA has been calculated for AAs through Case No. 2004-00239.<sup>2</sup> Therefore, the BA should only include the AAs from

---

<sup>2</sup> Case No. 2004-00239, Notice of Purchased Gas Adjustment Filing of Johnson County Gas Company, Inc., Order dated June 29, 2004.

Case No. 2004-00345<sup>3</sup> through Case No. 2005-00211.<sup>4</sup> The Staff's calculation of the current quarter BA is (\$.0382) per Mcf. Johnson County's total BA is (\$.0382) per Mcf, which is \$.0382 per Mcf less than the previous total BA. Staff's revised calculations are attached as Appendix B.

6. Johnson County's gas cost recovery rate is \$2.0441 per Mcf, which is \$2.6650 per Mcf less than the previous rate of \$4.7091.

7. Johnson County's adjustment in rates is fair, just, and reasonable, and should be approved for billing for service rendered by Johnson County on and after December 21, 2007.

IT IS THEREFORE ORDERED that:

1. Johnson County'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 December 21, 2007.
3. Within 20 days of the date of this Order, Johnson County shall file with the Commission its revised tariffs setting out the rates approved herein.

---

<sup>3</sup> Case No. 2004-00345, Notice of Purchased Gas Adjustment Filing of Johnson County Gas Company, Inc., Order dated September 29, 2004.

<sup>4</sup> Case No. 2005-00211, Notice of Purchased Gas Adjustment Filing of Johnson County Gas Company, Inc., Order dated June 24, 2005.

Done at Frankfort, Kentucky, this 20<sup>th</sup> day of December, 2007.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2007-00491 DATED December 20, 2007

The following rates and charges are prescribed for the customers in the area served by Johnson County Gas Company, 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.

RATES:

Residential

| <u>Monthly</u>       | <u>Base Rate</u> | <u>Gas Cost<br/>Recovery<br/>Rate</u> | <u>Total<br/>Rate</u> |
|----------------------|------------------|---------------------------------------|-----------------------|
| Minimum Bill 0-1 Mcf | \$6.9542         | \$2.0441                              | \$8.9983              |
| All additional Mcf   | \$5.9542         | \$2.0441                              | \$7.9983              |

Commercial

| <u>Monthly</u> |          |          |          |
|----------------|----------|----------|----------|
| All Mcf        | \$6.3042 | \$2.0441 | \$8.3483 |

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2007-00491 DATED December 20, 2007

SCHEDULE I  
GAS COST RECOVERY RATE SUMMARY

| <u>Component</u>  | <u>Unit</u> | <u>Amount</u> |              |
|---|-------------|---------------|--------------|
| Expected Gas Cost (EGC)                                   | \$/Mcf      | \$8.0690      |              |
| Refund Adjustment (RA)                                    | \$/Mcf      | \$0.0000      |              |
| Actual Adjustment (AA)                                    | \$/Mcf      | (\$5.9867)    |              |
| Balance Adjustment (BA)                                   | \$/Mcf      | (\$0.0382)    |              |
| Gas Cost Recovery Rate (GCR)                              | \$/Mcf      | \$2.0441      |              |
| <br>  |             |               |              |
| A. EXPECTED GAS COST CALCULATION                          | <u>Unit</u> | <u>Amount</u> |              |
| Total Expected Gas Cost (Sch II)                          | \$/Mcf      | \$124,068.94  |              |
| /Sales for the 12 months ended July 31, 2007              | \$/Mcf      | 15,376.00     |              |
| Expected Gas Cost   | \$/Mcf      | \$8.0690      |              |
| <br>  |             |               |              |
| B. REFUND ADJUSTMENT CALCULATION                          | <u>Unit</u> | <u>Amount</u> |              |
| Supplier Refund Adjustment for Reporting Period (Sch III) | \$/Mcf      | \$0.0000      |              |
| +Previous Quarter Supplier Refund Adjustment              | \$/Mcf      | \$0.0000      |              |
| +Second Previous Quarter Supplier Refund Adjustment       | \$/Mcf      | \$0.0000      |              |
| +Third Previous Quarter Supplier Refund Adjustment        | \$/Mcf      | \$0.0000      |              |
| =Refund Adjustment (RA)                                   | \$ Mcf      | \$0.0000      |              |
| <br>  |             |               |              |
| C. ACTUAL ADJUSTMENT CALCULATION                          | <u>Unit</u> | <u>Amount</u> |              |
| Actual Adjustment for the Reporting Period (Sch IV)       | \$/Mcf      | (\$3.0253)    | Expires 1/09 |
| +Previous Quarter Reported Actual Adjustment              | \$/Mcf      | (\$2.9614)    | 4/08         |
| +Second Previous Quarter Reported Actual Adjustment       | \$/Mcf      | \$0.0000      |              |
| +Third Previous Quarter Reported Actual Adjustment        | \$/Mcf      | \$0.0000      |              |
| =Actual Adjustment (AA)                                   | \$ Mcf      | (\$5.9867)    |              |
| <br>  |             |               |              |
| D. BALANCE ADJUSTMENT CALCULATION                         | <u>Unit</u> | <u>Amount</u> |              |
| Balance Adjustment for the Reporting Period (Sch V)       | \$/Mcf      | (\$0.0382)    | Expires 1/09 |
| +Previous Quarter Reported Balance Adjustment             | \$/Mcf      | \$0.0000      |              |
| +Second Previous Quarter Reported Balance Adjustment      | \$/Mcf      | \$0.0000      |              |
| +Third Previous Quarter Reported Balance Adjustment       | \$/Mcf      | \$0.0000      |              |
| =Balance Adjustment (BA)                                  | \$ Mcf      | (\$0.0382)    |              |

SCHEDULE II

EXPECTED GAS COST

| Actual Mcf Purchases for 12 months ended <u>August 31, 2006</u> |     |                          |           |          |                   |
|---|-----|--------------------------|-----------|----------|-------------------|
| (1)   | (2) | (3)                      | (4)       | (5)      | (6)               |
| Supplier  | Dth | Btu<br>Conversion Factor | Mcf       | Rate     | (4) x (5)<br>Cost |
| Bradco Oil Company and Other Suppliers                          |     |                          | 15,376.00 | \$8.0690 | \$124,068.94      |

|        |  |  |        |  |              |
|--------|--|--|--------|--|--------------|
| Totals |  |  | 15,376 |  | \$124,068.94 |
|--------|--|--|--------|--|--------------|

Line loss for 12 months ended 7/31/07 is based on purchases of 15,376.00  
and sales of 15,376.00 Mcf. 0.00%

|   | <u>Unit</u> | <u>Amount</u> |
|---|-------------|---------------|
| Total Expected Cost of Purchases (6)                        |             | \$124,068.94  |
| / Mcf Purchases (4)   |             | 15,376        |
| = Average Expected Cost Per Mcf Purchased                   |             | \$8.0690      |
| x Allowable Mcf Purchases (must not exceed Mcf sales / .95) |             | 15,376.00     |
| = Total Expected Gas Cost (to Schedule IA)                  |             | \$124,068.94  |

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended Jan.  
2007.

| Particulars                     | Unit | <u>Jan '07</u> | <u>Feb '07</u> | <u>Mar '07</u> | <u>Apr '07</u> | <u>May '07</u> | <u>June '07</u> |
|---------------------------------|------|----------------|----------------|----------------|----------------|----------------|-----------------|
|                                 |      | Month 1        | Month 2        | Month 3        | Month 4        | Month 5        | Month 6         |
| Total Supply Volumes Purchased  | Mcf  | 2,698          | 4,001          | 2,882          | 1,915          | 837            | 65              |
| Total Cost of Volumes Purchased | \$   | \$19,251.00    | \$32,508.00    | \$19,383.00    | \$16,092.00    | \$7,368.00     | \$5,710.00      |

|  |        |               |               |               |            |          |          |
|--|--------|---------------|---------------|---------------|------------|----------|----------|
| / Total Sales *                                | Mcf    | 2,878.0       | 3,801.0       | 2,737.9       | 1,819.3    | 795.2    | 620.0    |
| = Unit Cost of Gas                             | \$/Mcf | \$6.6890      | \$8.5526      | \$7.0795      | \$8.8454   | \$9.2662 | \$9.2040 |
| - EGC in Effect for<br>Month                   | \$/Mcf | \$13.7263     | \$13.7263     | \$13.7263     | \$7.6705   | \$7.6705 | \$7.6705 |
| = Difference<br>x Actual Sales during<br>Month | \$/Mcf | (\$7.0373)    | (\$5.1737)    | (\$6.6468)    | \$1.1749   | \$1.5957 | \$1.5340 |
| = Monthly Cost Difference                      | \$     | (\$20,253.29) | (\$17,709.58) | (\$11,007.08) | \$1,472.15 | \$477.11 | \$254.60 |

Total Cost Difference  
/ Sales for 12 months ended April 30,  
2006

|  |     |               |
|--|-----|---------------|
|  | \$  | (\$46,516.39) |
|  | Mcf | 15,376.0      |

---

= Actual Adjustment for the Reporting Period (to Sch  
IC)

(\$3.0253)

\* May not be less than 95% of supply  
volume



| Effective Date           | Mcf Sales | Factor   | Collected/<br>Refunded | Balance        |
|--------------------------|-----------|----------|------------------------|----------------|
| Case No. 2004-00345      |           |          |                        |                |
| <b>Beginning Balance</b> |           |          |                        | <b>\$1,119</b> |
| October-04               | 616       | \$0.0578 | \$35.60                | \$1,083        |
| November-04              | 1,486     | \$0.0578 | \$85.89                | \$998          |
| December-04              | 3,212     | \$0.0578 | \$185.65               | \$812          |
| January-05               | 2,856     | \$0.0578 | \$165.08               | \$647          |
| February-05              | 2,861     | \$0.0578 | \$165.37               | \$481          |
| March-05                 | 2,875     | \$0.0578 | \$166.18               | \$315          |
| April-05                 | 1,659     | \$0.0578 | \$95.89                | \$219          |
| May-05                   | 1,189     | \$0.0578 | \$68.72                | \$151          |
| June-05                  | 602       | \$0.0578 | \$34.80                | \$116          |
| July-05                  | 269       | \$0.0578 | \$15.55                | \$100          |
| August-05                | 199       | \$0.0578 | \$11.50                | \$89           |
| September-05             | 152       | \$0.0578 | \$8.79                 | \$80           |

| Effective Date           | Mcf Sales | Factor     | Collected/<br>Refunded | Balance        |
|--------------------------|-----------|------------|------------------------|----------------|
| Case No. 2004-00500      |           |            |                        |                |
| <b>Beginning Balance</b> |           |            |                        | <b>(\$549)</b> |
| January-05               | 2,856     | (\$0.0289) | (\$82.54)              | (\$466)        |
| February-05              | 2,861     | (\$0.0289) | (\$82.68)              | (\$384)        |
| March-05                 | 2,875     | (\$0.0289) | (\$83.09)              | (\$301)        |
| April-05                 | 1,659     | (\$0.0289) | (\$47.95)              | (\$253)        |
| May-05                   | 1,189     | (\$0.0289) | (\$34.36)              | (\$218)        |
| June-05                  | 602       | (\$0.0289) | (\$17.40)              | (\$201)        |
| July-05                  | 269       | (\$0.0289) | (\$7.77)               | (\$193)        |
| August-05                | 199       | (\$0.0289) | (\$5.75)               | (\$187)        |
| September-05             | 152       | (\$0.0289) | (\$4.39)               | (\$183)        |
| October-05               | 186       | (\$0.0289) | (\$5.38)               | (\$178)        |
| November-05              | 553       | (\$0.0289) | (\$15.98)              | (\$162)        |
| December-05              | 1,816     | (\$0.0289) | (\$52.48)              | (\$109)        |

Source for sales numbers is CN 2007-00491  
and prior PGA  
filings

| Case No.                 | 2005-00121 |          | Collected/ |                 |
|--------------------------|------------|----------|------------|-----------------|
| Effective Date           | Mcf Sales  | Factor   | Refunded   | Balance         |
| <b>Beginning Balance</b> |            |          |            | <b>\$11,704</b> |
| April-05                 | 1,659      | \$0.6068 | \$1,006.68 | \$10,697        |
| May-05                   | 1,189      | \$0.6068 | \$721.49   | \$9,976         |
| June-05                  | 602        | \$0.6068 | \$365.29   | \$9,611         |
| July-05                  | 269        | \$0.6068 | \$163.23   | \$9,447         |
| August-05                | 199        | \$0.6068 | \$120.75   | \$9,327         |
| September-05             | 152        | \$0.6068 | \$92.23    | \$9,234         |
| October-05               | 186        | \$0.6068 | \$112.86   | \$9,121         |
| November-05              | 553        | \$0.6068 | \$335.56   | \$8,786         |
| December-05              | 1,816      | \$0.6068 | \$1,101.95 | \$7,684         |
| January-06               | 3,029      | \$0.6068 | \$1,838.00 | \$5,846         |
| February-06              | 2,431      | \$0.6068 | \$1,475.13 | \$4,371         |
| March-06                 | 1,962      | \$0.6068 | \$1,190.54 | \$3,180         |

| Case No.                 | 2005-00211 |            | Collected/   |                   |
|--------------------------|------------|------------|--------------|-------------------|
| Effective Date           | Mcf Sales  | Factor     | Refunded     | Balance           |
| <b>Beginning Balance</b> |            |            |              | <b>(\$12,288)</b> |
| July-05                  | 269        | (\$0.6912) | (\$185.93)   | (\$12,102)        |
| August-05                | 199        | (\$0.6912) | (\$137.55)   | (\$11,965)        |
| September-05             | 152        | (\$0.6912) | (\$105.06)   | (\$11,859)        |
| October-05               | 186        | (\$0.6912) | (\$128.56)   | (\$11,731)        |
| November-05              | 553        | (\$0.6912) | (\$382.23)   | (\$11,349)        |
| December-05              | 1,816      | (\$0.6912) | (\$1,255.22) | (\$10,093)        |
| January-06               | 3,029      | (\$0.6912) | (\$2,093.64) | (\$8,000)         |
| February-06              | 2,431      | (\$0.6912) | (\$1,680.31) | (\$6,319)         |
| March-06                 | 1,962      | (\$0.6912) | (\$1,356.13) | (\$4,963)         |
| April-06                 | 661        | (\$0.6912) | (\$456.88)   | (\$4,506)         |
| May-06                   | 627        | (\$0.6912) | (\$433.38)   | (\$4,073)         |
| June-06                  | 484        | (\$0.6912) | (\$334.54)   | (\$3,739)         |

Total  
 Under/Over      (\$588)  
 Sales            15,376.00  
 BA Factor       (\$0.0382)

