

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF COW)	
CREEK GAS, INC., FORMER)	CASE NO. 2008-00497
SIGMA GAS CORPORATION)	
CUSTOMERS)	

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 12, 2008, Cow Creek acquired the assets of Sigma Gas Corporation ("Sigma") and adopted Sigma's tariffs for furnishing natural gas to Sigma customers in Johnson, Floyd and Magoffin counties.²

On December 1, 2008, Cow Creek filed its proposed GCA, to be applied only to former Sigma customers, effective January 1, 2009.

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.

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.

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, Order dated November 21, 2007.

2. Cow Creek's notice sets out an Expected Gas Cost ("EGC") of \$9.245 per Mcf, based on NYMEX settlement prices as of November 1, 2008, for gas sold in December 2008, January 2009 and February 2009.

3. As Cow Creek requests that its proposed rate be effective January 1, 2009, the prices used for determining the EGC should be based on NYMEX futures contracts for the months of January through March 2009.

4. As the prices for NYMEX futures have fallen significantly since November 1, 2008, the EGC should be adjusted to reflect more recent settlement prices for the period January through March 2009. The settlement prices as of December 5, 2008 were:

January 2009	\$5.742
February 2009	\$5.767
March 2009	\$5.767

5. Cow Creek's EGC should be calculated with a conversion factor of 1.0 and a transportation charge of \$2.00 per Mcf. The revision produces a new EGC of \$7.9420 per Mcf, which is \$4.2580 per Mcf less than the previous EGC of \$12.20.

6. 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.

7. Cow Creek's notice sets out a current quarter Actual Adjustment ("AA") of \$0. Cow Creek's notice sets out a total AA of \$0, which does not include the quarterly AA of (\$.0006) per Mcf that should be carried forward from Cow Creek's last GCA. Cow Creek's total AA is (\$.0006) per Mcf, which is no change from the previous total AA of (\$.0006).

8. Cow Creek's notice sets out no Balance Adjustment ("BA"). Cow Creek's notice sets out no total BA, which is no change from the previous BA of \$0.

9. Cow Creek's GCA is \$7.9414 per Mcf, which is \$4.2580 per Mcf less than the previous GCA of \$12.1994.


10. 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 January 1, 2009.

IT IS THEREFORE ORDERED that:

1. Cow Creek's proposed rates are denied.
2. The rates in the Appendix to this Order are approved for billing for service rendered on and after January 1, 2009.
3. Within 20 days of the date of this Order, Cow Creek shall file with this Commission revised tariffs for its Sigma customers setting out the rates approved herein.

Done at Frankfort, Kentucky, this 19th day of December, 2008.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00497 DATED DECEMBER 19, 2008

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	\$7.9414	\$14.1914
Over 1 Mcf	\$4.5522	\$7.9414	\$12.4936
Minimum Bill	\$14.1914		

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