

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF PUBLIC GAS COMPANY) CASE NO. 2009-00129

ORDER

On October 10, 1986, in Case No. 9565,¹ 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 March 30, 2009, Public filed its proposed GCA to be effective May 1, 2009.

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

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

2. Public's proposed Expected Gas Cost ("EGC") is \$6.5149 per Mcf, which is a decrease of \$.7160 per Mcf from the previous EGC of \$7.2309 per Mcf.

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

4. Public's notice sets out a current quarter Actual Adjustment ("AA") of (\$1.0669) per Mcf. Public's current quarter AA calculation contained mathematical errors. Correcting for these errors results in a current quarter AA of (\$.9449) per Mcf.

The calculation of Public's current quarter AA is shown below.

¹ Case No. 9565, *Notice of Public Gas Company, Inc. of a General Rate Adjustment* (Ky. PSC Oct. 10, 1986).

Particulars	Unit	Month 1	Month 2	Month 3
Total Supply Volumes Purchased	Mcf	13293	21600	23497
Total Cost of Volumes Purchased	\$	\$94,779.09	\$174,096.00	\$177,637.32
/ Total Sales *	Mcf	12,942.0	20,832.0	22,859.0
= Unit Cost of Gas	\$/Mcf	\$7.3234	\$8.3571	\$7.7710
- EGC in Effect for Month	\$/Mcf	\$9.7321	\$9.7321	\$9.7321
= Difference	\$/Mcf	(\$2.4087)	(\$1.3750)	(\$1.9611)
x Actual Sales during Month	Mcf	12,942.0	20,832.0	22,859.0
= Monthly Cost Difference	\$	(\$31,173.75)	(\$28,643.11)	(\$44,828.75)

Total Cost Difference	\$	(\$104,645.61)
/ Sales for 12 months ended	Mcf	110,752.0
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.9449)

* May not be less than 95% of supply volume

Public's total AA of (\$.8087) per Mcf is a decrease of \$1.0136 per Mcf from the previous total AA of \$.2049 per Mcf.

5. Public's GCA is \$5.7062 per Mcf, which is a decrease of \$1.7296 per Mcf from the previous GCA of \$7.4358 per Mcf.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Public on and after May 1, 2009.

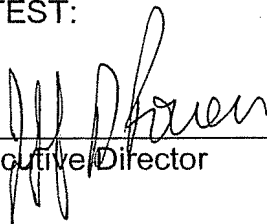
IT IS THEREFORE ORDERED that:

1. Public'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 May 1, 2009.
3. Within 20 days of the date of this Order, Public shall file with this Commission its revised tariffs setting out the rates authorized herein.

By the Commission

ENTERED *ew*
APR 24 2009
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00129 DATED **APR 24 2009**

The following rates and charges are prescribed for the customers 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.

Rates:

	<u>Base Rate</u>	<u>Gas Cost</u>	<u>Rate per Mcf</u>
Minimum Bill - First Mcf	\$3.2705	\$5.7062	\$8.9767
Over 1 Mcf	\$2.1505	\$5.7062	\$7.8567

Bert R Layne
Public Gas Company, Inc.
220 Lexington Green Circle
Suite 130
Lexington, KY 40503