

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF KENTUCKY FRONTIER)	CASE NO. 2009-00169
GAS, LLC DBA MIKE LITTLE GAS)	
COMPANY, INC.)	

ORDER

On October 22, 2003, in Case No. 2003-00141,¹ the Commission approved rates for Mike Little Gas Company, Inc. ("Mike Little"), and provided for their further adjustment in accordance with Mike Little's Gas Cost Adjustment ("GCA") clause.

On April 24, 2009, Mike Little filed its proposed GCA to be effective June 1, 2009. Mike Little's tariff provides for GCA calendar quarters to begin February 1, May 1, August 1, and November 1 of each year. The Commission will therefore treat this as an interim filing, and Mike Little should file its next required quarterly filing no later than July 1, 2009 to be effective August 1, 2009.

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

1. Mike Little's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Mike Little's notice sets out an Expected Gas Cost ("EGC") of \$7.7805 per Mcf. Mike Little calculated its EGC using an estimated rate for its purchases from

¹ Case No. 2003-00141, Application of Mike Little Gas Company, Inc. for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC Oct. 22, 2003).

Columbia Gas of Kentucky, Inc. ("Columbia") under Columbia's Intrastate Utility Service ("IUS") rate. On May 19, 2009, The Commission approved Columbia's request to adjust its IUS rate effective June 1, 2009². The IUS rate effective June 1, 2009 is the best estimate of Mike Little's cost of gas for Columbia supply. The Commission will update the calculation to reflect the more current IUS rate, in order to provide a better estimate of Mike Little's purchased gas costs over the upcoming two months. This revision produces an EGC of \$7.6063 per Mcf, which is a decrease of \$4.7875 per Mcf from the previous EGC of \$12.3938 per Mcf. Staff's recalculation of Schedule II is attached as Appendix B.

3. Mike Little's notice sets out no current quarter Refund Adjustment ("RA"), and it had no RAs from previous quarters.

4. Mike Little's notice sets out a current quarter Actual Adjustment ("AA") of \$.2575 per Mcf. Mike Little did not carry forward the Third Previous Quarter unexpired AA of \$.9856 per Mcf in developing its total AA. Correcting for this produces a total AA of \$1.2431 per Mcf, which is an increase of \$.0023 per Mcf from the previous total AA of \$1.2408 per Mcf. Staff's recalculation of Schedule I is attached as Appendix B. In Mike Little's next filing, to be effective August 1, 2009, Mike Little should calculate the over-recovery resulting from the failure to adjust its rates since August 1, 2008 and net that over-recovery against the current quarter AA to be effective August 1, 2009.

² Case No. 2009-00176, Purchased Gas Adjustment Filing of Columbia Gas of Kentucky Inc. (Ky. PSC May 19, 2009).

5. Mike Little's Gas Cost Adjustment Rate is \$8.8494 per Mcf, which is \$4.7852 per Mcf less than the previous rate of \$13.6346 per Mcf.

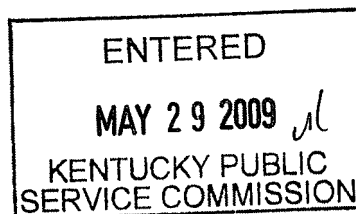
6. The rates in Appendix A to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Mike Little on and after June 1, 2009.

7. On or before July 1, 2009, Mike Little should file its quarterly GCA for the calendar quarter beginning August 1, 2009.

IT IS THEREFORE ORDERED that:

1. Mike Little's proposed rates are denied.
2. The rates in Appendix A, attached hereto and incorporated herein, are approved for billing for service rendered on and after June 1, 2009.
3. Within 20 days of the date of this Order, Mike Little shall file with this Commission its revised tariffs setting out the rates authorized herein.
4. On or before July 1, 2009, Mike Little shall file its quarterly GCA for the calendar quarter beginning August 1, 2009.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00169 DATED **MAY 29 2009**

The following rates and charges are prescribed for the customers in the area served by Mike Little Gas Company, Inc. 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>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
First 1 Mcf – Minimum Bill	\$5.50	\$ 8.8494	\$14.3494
Over 1 Mcf	\$4.3271	\$ 8.8494	\$13.1765

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00169 DATED **MAY 29 2009**

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$7.6063
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	\$1.2431
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$8.8494

to be effective for service rendered from June 1, 2009

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$153,418.37
/Sales for the 12 months ended January 31, 2009	\$/Mcf	20,170.00
Expected Gas Cost	\$/Mcf	\$7.6063
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	\$0.0000
+Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
=Refund Adjustment (RA)	\$ Mcf	\$0.0000
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	\$0.2575
+Previous Quarter Reported Actual Adjustment	\$/Mcf	
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.9856
=Actual Adjustment (AA)	\$ Mcf	\$1.2431
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	\$0.0000
+Previous Quarter Reported Balance Adjustment	\$/Mcf	
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
=Balance Adjustment (BA)	\$ Mcf	\$0.0000

SCHEDULE II
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended		<u>January 31, 2009</u>			
(1)	(2)	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Supplier	Dth				
Equitable			18,063	\$6.811	\$123,027
Columbia			5,896	\$8.4972	\$50,099
Totals			23,959		\$173,127
Line loss for 12 months ended		<u>January 31, 2009</u> is based on purchases of		<u>23,959.00</u>	
and sales of		<u>20,170.00</u> Mcf.		15.81%	
				<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)					\$173,127
/ Mcf Purchases (4)					23,959
= Average Expected Cost Per Mcf Purchased					\$7.2260
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)					21,232
= Total Expected Gas Cost (to Schedule IA)					\$153,418

Robert Oxford
Kentucky Frontier Gas, LLC
4891 Independence Street, Suite 200
Wheat Ridge, CO 80033