

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF COW CREEK GAS, INC.,)
RELATING TO SERVICE PROVIDED)
TO AREAS PREVIOUSLY SERVED)
BY SIGMA GAS CORPORATION)

CASE NO. 2009-00193

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 11, 2008, Cow Creek acquired the assets of the former Sigma Gas Corporation ("Sigma") and adopted Sigma's tariffs for furnishing natural gas to Sigma customers in Johnson, Floyd and Magoffin counties.²

On May 26, 2009, Cow Creek filed its proposed GCA, to be applied only to the former Sigma customers, effective July 1, 2009.

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

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 (Ky. PSC June 8, 2006).

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 (Ky. PSC Nov. 21, 2007).

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

2. Cow Creek's notice sets out an Expected Gas Cost ("EGC") of \$7.0642 per Mcf, based on an average NYMEX settlement price of \$4.711 as of May 12, 2009, for gas to be sold in July, August, and September 2009. Cow Creek's EGC is calculated with a conversion factor of 1.0 and a transportation charge of \$2.00 per Mcf. The new EGC represents an increase of \$.6079 per Mcf from the previous EGC of \$6.4563 per Mcf.

3. 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.

4. Cow Creek's notice sets out a current quarter Actual Adjustment ("AA") of \$.17746 per Mcf. Cow Creek used an incorrect "EGC in effect for month" of \$7.9414 instead of \$7.9420 which was actually in effect for January, February, and March. Correcting this produces a current quarter AA of \$.17713 per Mcf. Cow Creek's proposed total AA does not include the quarterly AA of (\$.0006) per Mcf that should be carried forward from Cow Creek's GCA three quarters previous. Cow Creek's correct total AA is \$.2725 per Mcf, which is an increase of \$.1772 per Mcf from the previous total AA of \$.0953 per Mcf.

5. Cow Creek's notice sets out no current quarter Balance Adjustment ("BA") and no total BA, which is no change from the previous BA of \$0. The BA will not be used by Cow Creek until it files its GCA to be effective January 1, 2010, at which time it will be used to return or recover any over/under-recoveries of gas cost realized through the (\$.0006) AA which will expire with rates effective October 1, 2009.

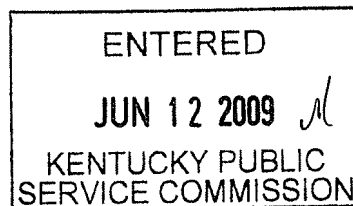
6. Cow Creek's GCA is \$7.3367 per Mcf, which is an increase of \$.7851 per Mcf from the previous GCA of \$6.5516 per Mcf.

7. 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 July 1, 2009.

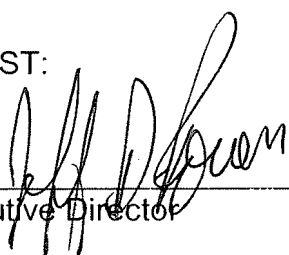
IT IS THEREFORE ORDERED that:

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 July 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.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00193 DATED **JUN 12 2009**

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	\$7.3367	\$13.5867
Over 1 Mcf	\$4.5522	\$7.3367	\$11.8889
Minimum Bill	\$13.5867		

Peggy Pinion
Cow Creek Gas, Inc.
276 Thompson Road
P. O. Box 3385
Pikeville, KY 41502