

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT	)	
FILING OF KENTUCKY FRONTIER	)	CASE NO. 2009-00309
GAS, LLC DBA MIKE LITTLE GAS	)	
COMPANY, INC.	)	

ORDER

On October 22, 2003, in Case No. 2003-00141,<sup>1</sup> 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 July 27, 2009, Mike Little filed its proposed GCA to be effective August 1, 2009. Mike Little did not comply with its tariff requirement that its Gas Cost Recovery ("GCR") be filed at least 30 days prior to the beginning of the calendar quarter, which is August 1. However, Mike Little's proposed GCR is a decrease from its existing GCR and, pursuant to KRS 278.180 (2), the Commission may prescribe less time in which a reduction of rates may be made. Therefore, Mike Little's change in rates will be effective on and after the date of this Order.

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.

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<sup>1</sup> 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).

2. Mike Little's notice sets out an Expected Gas Cost ("EGC") of \$7.5995 per Mcf. Mike Little calculated its EGC using sales instead of purchase volumes for its "Allowable Mcf Purchases" on Schedule II. Correcting this produces an EGC of \$7.1860 per Mcf, which is a decrease of \$.4203 per Mcf from the previous EGC of \$7.6063 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 (\$1.9536) per Mcf. Mike Little did not calculate the over-recovery resulting from the failure to adjust its rates since August 1, 2008 as the Commission ordered in its last GCA case.<sup>2</sup> Using the amounts of the AA components that should have expired November 1, 2008 and February 1, 2009, staff calculated an over-recovery in the amount of \$2,663. Netting this over-recovery against the current quarter AA calculated by Mike Little results in a total current quarter AA of (\$2.0662). Mike Little did not carry forward the previous quarter AA of \$.2575 per Mcf in its total AA calculation, and mistakenly included an expired AA of \$.9856 per Mcf as its Third Previous Quarter AA. Correcting for this produces a total AA of (\$1.8087) per Mcf, which is a decrease of \$3.0518 per Mcf from the previous total AA of \$1.2431 per Mcf. Staff's recalculation of Schedules I and IV is attached as Appendix B.

5. Mike Little's Gas Cost Adjustment Rate is \$5.3773 per Mcf, which is \$3.4721 per Mcf less than the previous rate of \$8.8494 per Mcf.

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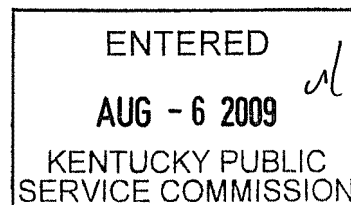
<sup>2</sup> Case No. 2009-00169, Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC DBA Mike Little Gas Company, Inc. (Ky. PSC May 29, 2009).

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 the date of this Order.

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 the date of this Order.
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.

By the Commission



ATTEST:

  
\_\_\_\_\_  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2009-00309 DATED **AUG - 6 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>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1 Mcf – Minimum Bill	\$5.50	\$ 5.3773	\$10.8773
Over 1 Mcf	\$4.3271	\$ 5.3773	\$ 9.7044

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2009-00309 DATED **AUG - 6 2009**

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$7.1860
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	<u>(\$1.8087)</u>
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$5.3773

to be effective for service rendered from June 1, 2009

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<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$169,999.00
/Sales for the 12 months ended April 30, 2009	\$/Mcf	<u>23,657</u>
Expected Gas Cost	\$/Mcf	\$7.1860

<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	<u>\$0.0000</u>

<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	(\$2.0662)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.2575
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
=Actual Adjustment (AA)	\$ Mcf	<u>(\$1.8087)</u>

SCHEDULE II  
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended		<u>April 30, 2009</u>			
(1)	(2)	(3)	(4)	(5)	(6)
Supplier	Dth	Btu Conversion Factor	Mcf	Rate	(4) x (5) Cost
Equitable			17,842	\$6.811	\$121,522
Columbia			5,705	\$8.4972	\$48,477
Totals			23,547		\$169,999
Line loss for 12 months ended		<u>April 30, 2009</u> is based on purchases of		<u>23,547.00</u>	
and sales of		<u>23,657.00</u> Mcf.			-0.47%
				<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)					\$169,999
/ Mcf Purchases (4)					23,547
= Average Expected Cost Per Mcf Purchased					\$7.2196
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)					23,547
= Total Expected Gas Cost (to Schedule IA)					\$169,999

ACTUAL ADJUSTMENT

For the 12-month period ended April 30, 2009

Particulars	Unit	Feb-09	Mar-09	Apr-09
Total Supply Volumes Purchased	Mcf	3824	2627	1402
Total Cost of Volumes Purchased	\$	\$38,560.00	\$25,252.00	\$12,138.00
/ Total Sales *	Mcf	3,727.0	3,794.0	2,336.0
= Unit Cost of Gas	\$/Mcf	\$10.3461	\$6.6558	\$5.1961
- EGC in Effect for Month	\$/Mcf	\$12.3938	\$12.3938	\$12.3938
= Difference	\$/Mcf	(\$2.0477)	(\$5.7380)	(\$7.1977)
x Actual Sales during Month	Mcf	3,727.0	3,794.0	2,336.0
= Monthly Cost Difference	\$	(\$7,631.69)	(\$21,770.08)	(\$16,813.92)
Total Cost Difference				\$ (\$46,215.69)
/ Sales for 12 months ended				Mcf 23,657.0
= Actual Adjustment for the Reporting Period				(\$1.9536)
Plus over-recovery component from collections through expired AAs				(\$0.1126)
= Total Actual Adjustment for the Reporting Period (To Sch IC)				(\$2.0662)

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

Over-Recovery from Collections Through Expired AAs

Month	Sales	AA factor	Expiration date	Sales times unexpired AA factor
Nov-08	2,962	\$0.1128	11/1/2008	\$2,236
				Calculated using 6 months' sales beginning November 1, 2008
Dec-08	2,814	\$0.0433	2/1/2009	\$427
				Calculated using 3 months' sales beginning February 1, 2009
Jan-09	4,188	\$0.0991	6/1/2009	
Feb-09	3,727			
Mar-09	3,794			
Apr-09	2,336			
	19,821			
Over-recovery due to inclusion of expired AAs				\$2,663
Divided by 12 months sales				23,657
Recovery factor to include in current AA				(\$0.1126)

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