

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) CASE NO. 2009-00347
TO AREAS PREVIOUSLY SERVED)
BY SIGMA GAS CORPORATION)

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 August 28, 2009, Cow Creek filed its proposed GCA, to be applied only to the former Sigma customers, effective October 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 (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).

2. Cow Creek's notice sets out an Expected Gas Cost ("EGC") of \$6.8269 per Mcf, based on an average NYMEX settlement price of \$4.509 as of August 14, 2009, for gas to be sold in October, November, and December 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 a decrease of \$.2373 per Mcf from the previous EGC of \$7.0642 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 \$.02642 per Mcf. Cow Creek used an incorrect "EGC in effect for month" of \$6.5516 instead of \$6.4563 which was actually in effect for April, May, and June. Correcting this produces a current quarter AA of \$.03816 per Mcf. Cow Creek's total AA is \$.3106 per Mcf, which is an increase of \$.0381 per Mcf from the previous total AA of \$.2725 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.

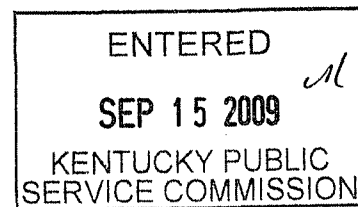
6. Cow Creek's GCA is \$7.1375 per Mcf, which is a decrease of \$.1992 per Mcf from the previous GCA of \$7.3367 per Mcf.

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 October 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 October 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. 2009-00347 DATED **SEP 15 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 | \$7.1375 | \$13.3875 |
| Over 1 Mcf | \$4.5522 | \$7.1375 | \$11.6897 |
| Minimum Bill | \$13.3875 | | |

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