

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF AUXIER ROAD GAS) CASE NO. 2009-00357
COMPANY, INC.)

ORDER

On April 2, 2009, in Case No. 2008-00156, the Commission approved the Gas Cost Adjustment (“GCA”) clause of Auxier Road Gas Company, Inc. (“Auxier”) allowing for the monthly adjustment of its rates.¹

On September 2, 2009, Auxier filed its proposed GCA to be effective October 1, 2009. Auxier requested a waiver from the 30-day notice requirement due to its late receipt of gas cost information from one of its suppliers. On this basis, the Commission finds that an October 1, 2009 effective date is appropriate.

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

1. Auxier’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Auxier’s notice sets out an Expected Gas Cost (“EGC”) of \$5.7224 per Mcf, which is a decrease of \$.0953 per Mcf from its prior EGC of \$5.8177 per Mcf.
3. Auxier’s notice sets out no current Refund Adjustment.

¹ Case No. 2008-00156, Application of Auxier Road Gas Co., Inc. for an Adjustment in Rates and Certain Nonrecurring Charges (Ky. PSC Apr. 2, 2009).

4. Auxier's notice sets out a current month Actual Adjustment ("AA") of (\$.0470) per Mcf to return over-collections of gas cost from July 2009. Auxier proposed a total AA of (\$2.5355) per Mcf. Auxier did not correctly set out all the unexpired previous quarter AAs. Correcting this error produces a total AA of (\$2.2740) per Mcf, which is an increase of \$.3138 per Mcf from its previous total AA of (\$2.5878) per Mcf. Staff's calculations are included in Appendix B.

5. Auxier's notice sets out no current quarter Balance Adjustment ("BA"). Auxier neglected to calculate the BA resulting from the expiration of a previous AA. The current quarter BA should be \$.0098. The resulting total BA of \$.0068 per Mcf represents an increase of \$.0098 per Mcf from the previous total BA of (\$.0030) per Mcf.

6. Auxier's gas cost recovery rate is \$3.4552 per Mcf, which is an increase of \$.2283 per Mcf from its previous rate of \$3.2269 per Mcf.

7. The rates in Appendix A to this Order are fair, just and reasonable, and should be approved for billing for service rendered by Auxier on and after October 1, 2009.

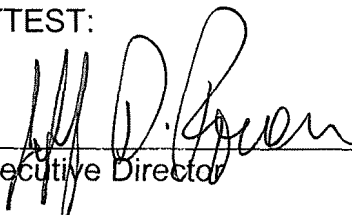
IT IS THEREFORE ORDERED that:

1. Auxier'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 October 1, 2009.
3. Within 20 days of the date of this Order, Auxier shall file with this Commission its revised tariff sheets setting out the rates approved herein.

By the Commission

ENTERED
SEP 25 2009 *M*
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00357 DATED **SEP 25 2009**

The following rates and charges are prescribed for the customers served by Auxier Road Gas Company, 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.

RATES:

| | <u>Base Rate</u> | <u>Gas Cost Recovery Rate</u> | <u>Total</u> |
|--------------------------|------------------|---------------------------------------|--------------|
| First Mcf (Minimum Bill) | \$ 6.36 | \$3.4552 | \$9.8152 |
| All Over 1 Mcf | \$ 5.0645 | \$3.4552 | \$8.5197 |

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00357 DATED **SEP 25 2009**

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

| <u>Component</u> | <u>Unit</u> | <u>Amount</u> |
|-------------------------------------|---------------|-----------------|
| Expected Gas Cost (EGC) | \$/Mcf | \$5.7224 |
| Refund Adjustment (RA) | \$/Mcf | \$0.0000 |
| Actual Adjustment (AA) | \$/Mcf | (\$2.2740) |
| Balance Adjustment (BA) | \$/Mcf | \$0.0068 |
| <u>Gas Cost Recovery Rate (GCR)</u> | <u>\$/Mcf</u> | <u>\$3.4552</u> |

To be effective for service rendered from October 1 to October 31 2009

A. EXPECTED GAS COST CALCULATION

| | <u>Unit</u> | <u>Amount</u> |
|---|---------------|-------------------|
| Total Expected Gas Cost (Sch II) | \$/Mcf | \$575,362.53 |
| <u>/Sales for the 12 months ended July 31, 2009</u> | <u>\$/Mcf</u> | <u>100,546.00</u> |
| Expected Gas Cost | \$/Mcf | \$5.7224 |

B. REFUND ADJUSTMENT CALCULATION

| | <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 | |
| <u>+Third Previous Quarter Supplier Refund Adjustment</u> | <u>\$/Mcf</u> | <u></u> |
| =Refund Adjustment (RA) | \$ Mcf | \$0.0000 |

C. ACTUAL ADJUSTMENT CALCULATION

| | <u>Unit</u> | <u>Amount</u> |
|---|---------------|-----------------------------------|
| Actual Adjustment for the Reporting Period (Sch IV) | | (\$0.0470) expires 9/30/10 |
| | \$/Mcf | (\$0.0993) expires 8/31/10 |
| | | (\$0.0003) expires 7/31/10 |
| +Previous Month Reported Actual Adjustment | \$/Mcf | \$0.4141 expires 6/30/10 |
| +Second Previous Quarter Reported Actual Adjustment | \$/Mcf | (\$1.6202) expires 3/31/10 |
| +Third Previous Quarter Reported Actual Adjustment | \$/Mcf | (\$0.2895) expires 12/31/09 |
| <u>True-up Adjustment</u> | <u>\$/Mcf</u> | <u>(\$0.6788) expires 3/03/10</u> |
| =Actual Adjustment (AA) | \$ Mcf | (\$2.2740) |

D. BALANCE ADJUSTMENT CALCULATION

| | <u>Unit</u> | <u>Amount</u> |
|--|---------------|----------------------------|
| Balance Adjustment for the Reporting Period (Sch V) | \$/Mcf | \$0.0098 expires 9/30/10 |
| +Previous Quarter Reported Balance Adjustment | \$/Mcf | (\$0.0015) expires 8/31/10 |
| +Second Previous Quarter Reported Balance Adjustment | \$/Mcf | (\$0.0015) expires 6/30/10 |
| <u>+Third Previous Quarter Reported Balance Adjustment</u> | <u>\$/Mcf</u> | <u></u> |
| =Balance Adjustment (BA) | \$ Mcf | \$0.0068 |

Schedule V

BALANCE ADJUSTMENT

For the 3 month period ended: July 31, 2009

| | <u>Particulars</u> | <u>Amount</u> |
|-----|--|------------------------------------|
| (1) | Total cost difference used to compute AA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR | <u>-\$30,568</u> |
| | Less: Dollar amount resulting from the AA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 12 month period the AA was in effect | <u>(\$0.3138)</u> <u>100546</u> |
| | Equals: Balance Adjustment of the AA | <u>\$983</u> |
| (2) | Total supplier refund adjustment including interest used to compute RA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR | <u>\$0</u> |
| | Less: Dollar amount resulting from the RA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 12 month period the RA was in effect | <u>\$0.0000</u> <u>_____</u> |
| | Equals: Balance Adjustment of the RA | <u>\$0</u> |
| (3) | Total balance adjustment used to compute BA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR | <u>\$0</u> |
| | Less: Dollar amount resulting from the BA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 12 month period the BA was in effect | <u>\$0.0000</u> <u>_____</u> |
| | Equals: Balance Adjustment of the BA | <u>\$0</u> |
| | Total Balance Adjustment Amount (1) + (2) + (3) | <u>\$983</u> |
| | Divide: Mcf Sales for 12 months ended July 31 | <u>100546</u> <u>_____</u> |
| | Equals: Balance Adjustment for the reporting period (to Schedule I, part D) | <u>\$0.0098</u> |

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