

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF AUXIER ROAD GAS)	CASE NO. 2009-00434
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 November 3, 2009, Auxier filed its proposed GCA to be effective December 1, 2009. Auxier requested a waiver of the 30-day notice requirement for rates to go into effect.

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 \$6.6842 per Mcf. Auxier notified the Commission in its filing that 2,940 Mcf of natural gas had been lost in a line break caused by work being performed by the Floyd County Highway Department. Correcting Auxier’s EGC calculation to exclude the effect of this line loss

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

results in an EGC of \$6.8088 per Mcf, which is a decrease of \$.0496 per Mcf from its prior EGC of \$6.8584 per Mcf.

3. Auxier's notice sets out no current refund adjustment.

4. Auxier's notice included a request to suspend its calculated current month Actual Adjustment ("AA") of (\$2.5800) per Mcf for two months and to calculate its AA on a quarterly, as opposed to a monthly, basis going forward due to problems with billings from its supplier, Constellation Energy. In reviewing Auxier's AA calculations, Commission Staff determined that the current month AA should be (\$.0965) instead of (\$2.5800) due to a division error on the part of Auxier. That being the case, the (\$.0965) per Mcf current AA should be included in the total AA; an AA of this level is not sufficient justification to authorize Auxier to deviate from its Gas Cost Recovery ("GCR") tariff provisions. Auxier's total AA is (\$2.4562) per Mcf, which is a decrease of \$.0345 per Mcf from its previous total AA of (\$2.4217) per Mcf. Due to an error in stating July purchase volumes, the previous AA from the month of July was revised to \$.01500 per Mcf in place of the previously calculated (\$.0470) per Mcf. The effect of this error on Auxier's recovery of gas cost will be corrected when sales for October and November are known.

5. Auxier's notice sets out no current quarter Balance Adjustment ("BA"). The total BA of \$.0068 per Mcf represents no change from the previous total BA.

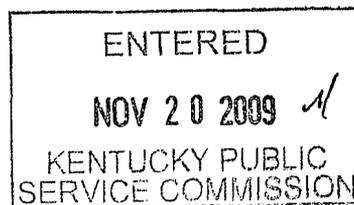
6. Auxier's GCR rate is \$4.3594 per Mcf, which is a decrease of \$.0841 per Mcf from its previous rate of \$4.4435 per Mcf.

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

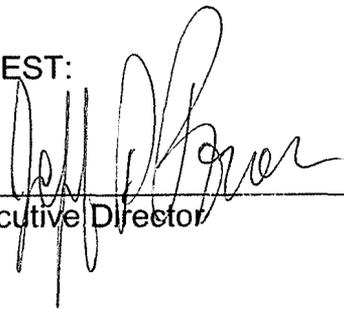
IT IS THEREFORE ORDERED that:

1. The rates proposed by Auxier are hereby denied.
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after December 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



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00434 DATED NOV 20 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	\$4.3594	\$10.7194
All Over 1 Mcf	\$ 5.0645	\$4.3594	\$ 9.4239

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