

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF ELAM UTILITY)	CASE NO. 2010-00117
COMPANY)	

ORDER

On October 24, 2003, in Case No. 2003-00171, the Commission approved rates for Elam Utility Company (“Elam”) and provided for their further adjustment on a quarterly basis in accordance with Elam’s Gas Cost Adjustment (“GCA”) clause.¹

On March 16, 2010, Elam filed its proposed GCA to be effective April 1, 2010.

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

1. Elam’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Elam’s notice sets out an Expected Gas Cost (“EGC”) of \$6.0782 per Mcf based on the three-month NYMEX average for April, May, and June 2010. Elam failed to multiply Dth volumes purchased from Seminole Energy by the NYMEX-derived rate of \$4.884 per Dth. Correcting this produces an EGC of \$6.4224 per Mcf, which is a

¹ Case No. 2003-00171, A Review of the Rates of Elam Utility Company, Inc. Pursuant to the Decision to Approve the Financing Requested in Case No. 2001-00324 (Ky. PSC Oct. 24, 2003).

decrease of \$.0142 per Mcf from the previously approved EGC of \$6.4366 per Mcf. Staff's calculation is included in Appendix B to this Order.

3. Elam's notice sets out no current Refund Adjustment.

4. Elam's revised notice sets out a current quarter Actual Adjustment ("AA") of \$.1373 per Mcf. Elam used an incorrect "EGC in effect for month" for October, November, and December 2009. Elam should have used the EGC rate of \$5.1898 approved to be charged during the months of October, November, and December 2009 in Case No. 2009-00257.² Elam also used incorrect monthly sales figures in its calculation. Correcting these errors produces a current quarter AA of \$.6428 per Mcf. Elam's total AA is (\$3.0278) per Mcf, which is an increase of \$.6428 per Mcf from the previous total AA of (\$3.6706) per Mcf. Staff's calculations are included in Appendix B.

5. Elam's notice sets out no current quarter Balancing Adjustment ("BA"). Elam's total BA is unchanged from the previous total BA of (\$1.0743) per Mcf.

6. Elam's revised GCA is \$2.3203 per Mcf, which is an increase of \$.6286 per Mcf from the previous GCA of \$1.6917 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 Elam on and after April 15, 2010. Elam did not give the 30 days' notice required for its rates to be effective April 1, 2010.

IT IS THEREFORE ORDERED that:

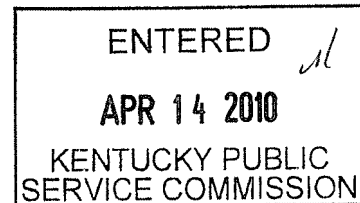
1. The rates proposed by Elam are hereby denied.

² Case No. 2009-00257, Purchased Gas Adjustment Filing of Elam Utility Company (Ky. PSC Sept. 14, 2009).

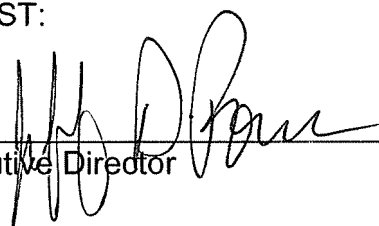
2. The revised rates in Appendix A to this Order are fair, just, and reasonable, and are approved for billing for service rendered on and after April 15, 2010.

3. Within 20 days of the date of this Order, Elam shall file its revised tariffs with this Commission, setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00117 DATED APR 14 2010

The following rates and charges are prescribed for the customers served by Elam Utility Company. 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:

Residential

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
Customer Charge			\$6.15
All Mcf	\$4.2999	\$ 2.3203	\$6.6202

Industrial

Customer Charge			\$9.00
All Mcf	\$3.8101	\$2.3203	\$6.1304

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00117 DATED APR 14 2010

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$6.4224
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$3.0278)
Balance Adjustment (BA)	\$/Mcf	(\$1.0743)
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$2.3203

To be effective for service rendered from 4/1/10 to 6/30/10

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$309,335.42
/Sales for the 12 months ended 12/31/09	\$/Mcf	48,165
Expected Gas Cost	\$/Mcf	\$6.4224
<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	\$0.0000
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	\$0.6428
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$1.0569)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$2.6137)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
=Actual Adjustment (AA)	\$ Mcf	(\$3.0278)
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	\$0.0000
+Previous Quarter Reported Balance Adjustment	\$/Mcf	(\$1.0743)
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
=Balance Adjustment (BA)	\$ Mcf	(\$1.0743)

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended December 31, 2009

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate*	(6) (4) x (5) Cost
Seminole	57,758	1070.1	53,973	\$4.8840	\$282,090.07
Jefferson Gas	2,564	1000	2,564	\$4.8840	\$12,522.58
Columbia Transmission (historical)					\$50,336.00
Totals			56,537		\$344,948.65

***Rate is the three month NYMEX average for April, May, and June 2010 as of 2/26/10**

Line loss for 12 months ended 12/31/2009 is based on purchases of 56,537
and sales of 48,165 Mcf. 14.81%

	Unit	Amount
Total Expected Cost of Purchases (6)		\$344,948.65
/ Mcf Purchases (4)		56,537
= Average Expected Cost Per Mcf Purchased		\$6.1013
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		50,700
= Total Expected Gas Cost (to Schedule IA)		\$309,335.42

ACTUAL ADJUSTMENT

For the 12 month period ended 12/31/2009

Particulars	Unit	Oct-09	Nov-09	Dec-09
Total Supply Volumes Purchased	Mcf	5338	4378	9974
Total Cost of Volumes Purchased	\$	\$23,495.81	\$33,615.82	\$75,344.59
/ Total Sales *	Mcf	5,071	4,159	9,475
= Unit Cost of Gas	\$/Mcf	\$4.6333	\$8.0825	\$7.9517
- EGC in Effect for Month	\$/Mcf	\$5.1898	\$5.1898	\$5.1898
= Difference	\$/Mcf	(\$0.5565)	\$2.8927	\$2.7619
x Actual Sales during Month	Mcf	2,171	3,151	8,348
= Monthly Cost Difference	\$	(\$1,208)	\$9,115	\$23,056

Total Cost Difference	\$	\$30,963
/ Sales for 12 months ended	Mcf	48,165
= Actual Adjustment for the Reporting Period (to Sch IC)		\$0.6428

* May not be less than 95% of supply volume

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