

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING) CASE NO.
OF JOHNSON COUNTY GAS COMPANY) 2011-00368

ORDER

On September 1, 1999, in Case No. 1999-00155, the Commission approved rates for Johnson County Gas Company, Inc. ("Johnson County") and provided for their further adjustment in accordance with Johnson County's Gas Cost Adjustment ("GCA") clause.¹

On September 6, 2011, Johnson County filed its proposed GCA to be effective October 1, 2011. On September 14 and September 20, 2011, Johnson County filed additional information to supplement the record in this proceeding. On October 4, 2011, the Commission issued its Order suspending Johnson County's proposed rates up to and including March 5, 2011. On August 31, 2011 and February 6, 2012, Informal Conferences attended by representatives of Johnson County and Commission Staff members were held in Case No. 2011-00184.² Topics discussed by Commission Staff and Johnson County included the information necessary for the processing of this case,

¹ Case No. 1999-00155, Application of Johnson County Gas Company, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC Sept. 1, 1999).

² Case No. 2011-00184, Johnson County Gas Company, Inc. and Bud Rife, Individually and as Sole Officer of the Utility, Alleged Failure to Comply with Commission Orders.

Johnson County's bankruptcy and gas supply arrangements, and whether amounts which ordinarily would flow through the Actual Adjustment ("AA") component of its GCA in this case should be considered pre-bankruptcy debt which would be disposed of in bankruptcy.

After reviewing the record in this case and in Case No. 2011-00184, and being otherwise sufficiently advised, the Commission finds that:

1. Johnson County's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Johnson County's notice sets out an Expected Gas Cost ("EGC") of \$5.7084, based on supplier rates expected to be in effect for the quarter beginning October 1, 2011. Johnson County's rates should reflect more current pricing so that any mismatch between collections and its actual cost of gas may be minimized. The EGC should be \$4.9946 per Mcf, which includes the most current NYMEX Natural Gas 12-Month Strip beginning March 2012, to price estimated purchases from NiSource, which is designated as "TECO Pool" in Johnson County's application. This EGC represents a decrease of \$1.6953 per Mcf from its previous EGC of \$6.6899 per Mcf.

3. Johnson County's notice sets out no current quarter Refund Adjustment.

4. Johnson County's notice sets out a current quarter AA in the amount of \$.9153 per Mcf, which was incorrectly calculated based on a review of information provided by Johnson County. However, due to Johnson County's June 27, 2011 bankruptcy filing, all amounts that would otherwise have been included in Johnson County's AA are pre-bankruptcy petition amounts and are the subject of creditor claims.

There is, therefore, no current quarter AA to include in Johnson County's rates, and no previous quarter AAs remaining. Johnson County's total AA is \$.0000 per Mcf.

5. Johnson County's notice proposes no current quarter and no total Balance Adjustment.

6. Johnson County's GCA is \$4.9946 per Mcf, which is a decrease of \$1.6953 per Mcf from its previous GCA of \$6.6899 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 Johnson County on and after the date of this Order.

8. Johnson County should file its application for its next quarterly GCA, to be effective April 1, 2012, no later than March 11, 2012.

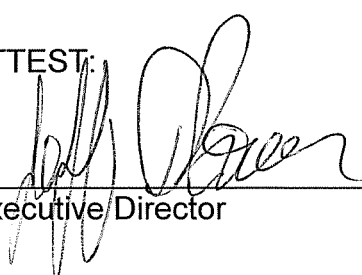
IT IS THEREFORE ORDERED that:

1. The rates proposed by Johnson County are denied.
2. The rates in the Appendix 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, Johnson County shall file its revised tariff sheets with this Commission setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.
4. Johnson County should file its application for its April 1, 2012 GCA no later than March 11, 2012.

By the Commission

ENTERED ^{PA}
MAR 02 2012
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00368 DATED **MAR 02 2012**

The following rates and charges are prescribed for the customers in the area served by Johnson County 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:

Residential

<u>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
Minimum Bill 0-1 Mcf	\$6.9542	\$4.9946	\$11.9488
All additional Mcf	\$5.9542	\$4.9946	\$10.9488

Commercial

<u>Monthly</u>			
All Mcf	\$6.3042	\$4.9946	\$11.2988

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