

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST RECOVERY)	CASE NO. 98-244-E
FILING OF SIGMA GAS CORPORATION)	

O R D E R

On October 27, 1998, in Case No. 98-244, the Commission approved certain rates for Sigma Gas Corporation ("Sigma") and provided by tariff for their further adjustment on a quarterly basis in accordance with Sigma's approved gas cost adjustment ("GCA") clause.

On November 29, 1999, Sigma filed its GCA to be effective January 1, 2000 through March 31, 2000.

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

1. In its notice of November 29, 1999 Sigma proposed revised rates designed to pass on to its customers its expected wholesale change in gas costs. Sigma proposed to calculate its Expected Gas Cost (EGC) based on a market-based estimate instead of its fixed price from Auxier Road Gas Company, Inc. (Auxier) of \$2.90 per Mcf. Sigma's proposed EGC should be recalculated to reflect the \$2.90 gas cost plus 20 cents per Mcf for transportation instead of the market-based citygate estimate that Sigma had traditionally used in its calculation of gas cost from Auxier.

Sigma's EGC should be \$3.2997 per Mcf, 3.37 cents per Mcf more than the prior EGC of \$3.2660.

2. Sigma's notice set out no current refund adjustment.

3. Sigma's notice set out a current quarter actual adjustment ("AA") of .6 cents per Mcf to collect under-recovered gas cost from July, August, and September 1999. The total AA of (13.86) cents per Mcf is composed of the current AA and previous quarter AAs, and represents an increase of 5.10 cents per Mcf from the prior total AA.

4. Sigma's notice proposed a current quarter balance adjustment ("BA") of .1 cents per Mcf and a total BA of 3.14 cents per Mcf. The total BA represents a decrease of 20.40 cents per Mcf from the prior total BA.

5. Sigma's revised gas cost recovery rate is \$3.1925 per Mcf, 11.93 cents per Mcf less than the previously authorized rate of \$3.3118 per Mcf.

6. Sigma's adjustment in rates contained in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved effective with bills rendered on and after January 1, 2000.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Sigma are hereby denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are authorized to be effective for bills rendered on and after January 1, 2000.

3. Within 30 days of the date of this Order, Sigma shall file with this Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 15th day of December, 1999.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 98-244-E DATED DECEMBER 15, 1999

The following rates and charges are prescribed for the customers in the area served by Sigma Gas Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

	<u>Base Rate</u>	<u>Gas Cost Recovery</u>	<u>Total</u>
First Mcf (Minimum Bill)	\$6.25	\$3.1925	\$9.4425
All Over 1st Mcf	\$4.5522	\$3.1925	\$7.7447

SUMMARY OF PURCHASED GAS ADJUSTMENT FILING

Case No. 98-244-E

Filing Date November 29, 1999

Utility Sigma Gas Corporation

Proposed Effective Date Calendar Quarter Beginning January 1, 2000

Wholesale Gas Supplier Auxier Road Gas Company, Inc., Equitable Resources

Wholesale Cost Change 3.37 cent/Mcf Increase

Total filing reflects an decrease in retail rates due to changes
in the expected gas cost, refund, actual and balance adjustments.

Retail Rate Change 11.93 cent/Mcf Decrease
Net effect of all adjustments

Gas Cost Adjustment Components

EGC	\$3.2997
RA	
AA	(.1386)
BA	<u>.0314</u>
GCR rate	\$3.1925

Prepared by: Dawn McGee

Date: December 1, 1999