

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST RECOVERY)
FILING OF GASCO DISTRIBUTION SYSTEMS INC.) CASE NO. 94-427-A

O R D E R

On February 11, 1995, in Case No. 94-427, the Commission approved certain adjusted rates for Gasco Distribution Systems, Inc. ("Gasco") and provided for their further adjustment in accordance with its gas cost adjustment ("GCA") clause.

On September 28, 2000, Gasco filed its gas cost adjustment ("GCA") to be effective November 1, 2000. Until September 28, 2000, Gasco had never filed a GCA with the Commission. The Commission suspended Gasco's proposed rates on November 1, 2000 to further investigate Gasco's proposed GCA of \$9.6831. On November 13, 2000, Gasco supplied information regarding its transmission and commodity charges.

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

1. Gasco's notice proposes revised rates designed to pass on an expected wholesale increase in gas costs. Gasco's expected gas cost ("EGC") is \$8.4247 per Mcf.
2. Gasco's notice proposes an Actual Adjustment of \$1.2584 to collect \$237,038.07 in under-recovered gas costs from January 1994 through June 2000 and proposes recovering the AA over a 10-year period. Rising gas costs in the wholesale market combined with Gasco's existing gas cost recovery rate of \$2.40 have helped create the current shortfall. Since Gasco did not receive Commission approval to purchase Albany Gas and adopt its rates until February 1995, the recovery period should start in

February 1995 rather than January 1994 as Gasco has proposed. This reduces the amount Gasco can recover from \$237,038.07 to \$219,527.52 and produces an AA of \$1.1655 per Mcf. Gasco had no prior quarter AA.

3. Gasco's notice proposes a GCA of \$9.6831 per Mcf. Correcting for the AA factor produces a GCA of \$9.5902 per Mcf, an increase of \$7.1902 per Mcf from the prior GCA of \$2.40.

4. The Commission recommends that Gasco use the generic GCA form in Appendix B for any future GCA filings that it makes.

IT IS THEREFORE ORDERED that:

1. The proposed rates are hereby denied.
2. The rates in the Appendix A to this Order are fair, just, and reasonable, and are effective for service rendered on and after the date of this order.
3. Within 30 days of the date of this Order, Gasco shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 12th day of December, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-427-A DATED DECEMBER 12, 2000

The following rates and charges are prescribed for the customers served by Gasco Distribution Systems, 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>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
Residential	\$4.62	\$9.5902	\$14.2102
Commercial	\$3.62	\$9.5902	\$13.2102

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 94-427-A DATED DECEMBER 12, 2000

COMPANY NAME

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

Date Rates to be Effective:

Reporting Period is Calendar Quarter Ended:

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	
+ Balance Adjustment (BA)	\$/Mcf	
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	

GCR to be effective for service rendered from _____ to _____

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	
+ Sales for the 12 months ended _____	Mcf	
<u>= Expected Gas Cost (EGC)</u>	\$/Mcf	

B. <u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
<u>= Refund Adjustment (RA)</u>	\$/Mcf	

C. <u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
<u>= Actual Adjustment (AA)</u>	\$/Mcf	

D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
<u>= Balance Adjustment (BA)</u>	\$/Mcf	

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended _____

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) (4)x(5) <u>Cost</u>
------------------------	-------------------	--	-------------------	----------------------	-------------------------------

Totals _____

Line loss for 12 months ended _____ is _____ % based on purchases
_____ Mcf and sales of _____ Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	_____
+ Mcf Purchases (4)	Mcf	_____
= Average Expected Cost Per Mcf Purchased	\$/Mcf	_____
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	_____
= Total Expected Gas Cost (to Schedule IA.)	\$	_____

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.
**Supplier's tariff sheets or notices are attached.

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended _____ (reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	
<u>+ Interest</u>	\$	_____
= Refund Adjustment including interest	\$	
<u>+ Sales for 12 months ended _____</u>	Mcf	_____
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended _____ (reporting period)

<u>Particulars</u>	<u>Unit</u>	Month 1 ()	Month 2 ()	Month 3 ()
Total Supply Volumes Purchased	Mcf			
Total Cost of Volumes Purchased	\$			
+ Total Sales (may not be less than 95% of supply volumes)	Mcf			
<u>= Unit Cost of Gas</u>	\$/Mcf			
<u>- EGC in effect for month</u>	\$/Mcf			
= Difference [(Over-)/Under-Recovery]	\$/Mcf			
<u>x Actual sales during month</u>	Mcf			
= Monthly cost difference	\$			

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	
+ Sales for 12 months ended _____	Mcf	
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended _____ (reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four 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. Equals: Balance Adjustment for the AA.	\$ \$ \$	 _____
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four 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. Equals: Balance Adjustment for the RA.	\$ \$ \$	 _____
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four 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. Equals: Balance Adjustment for the BA.	\$ \$ \$	 _____
Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
÷ Sales for 12 months ended _____	Mcf	_____
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	_____