

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
ADJUSTMENT FILING OF ELAM)	CASE NO. 2004-00337
UTILITY 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 August 31, 2004, Elam filed its proposed GCA to be effective October 1, 2004.

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 Expected Gas Cost (“EGC”) is \$7.4429, which is 10.26 cents per Mcf more than the previously approved EGC of \$7.3403.
3. Elam’s notice sets out no current refund adjustment.
4. Elam’s notice sets out a current quarter actual adjustment (“AA”) of (3.46) cents per Mcf. Elam incorrectly used its GCA for July 2004, rather than its EGC, in its

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, Order dated October 24, 2003.

calculation. Correcting for this error produces a current quarter AA of (4.07) cents per Mcf. Elam's total AA is 8.43 cents per Mcf, which is a decrease of 29.19 cents per Mcf from the previous total AA.

5. Elam's notice sets out no current quarter balance adjustment ("BA"). Elam's notice sets out no total BA. Elam has a previous quarter BA of (62.5) cents per Mcf that should be carried forward. Elam's total BA is (62.5) cents per Mcf, which is no change from the previous total BA.

6. Elam's revised GCA is \$6.9022 per Mcf, which is 18.93 cents per Mcf less than the previous GCA of \$7.0915.

7. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered by Elam on and after October 1, 2004.

IT IS THEREFORE ORDERED that:

1. Elam's proposed rates are denied.
2. The rates in the Appendix to this Order are approved for billing for service rendered on and after October 1, 2004.
3. Within 20 days of the date of this Order, Elam shall file with this Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 29th day of September, 2004.

By the Commission

ATTEST:



Executive Director

Case No. 2004-00337

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00337 DATED September 29, 2004

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 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	\$6.9022	\$11.2021

Industrial

Customer Charge			\$9.00
All Mcf	\$3.8101	\$6.9022	\$10.7123