

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COW CREEK) CASE NO. 2007-00560
GAS, INC. FOR THE RECENTLY ACQUIRED)
SIGMA GAS CORPORATION CUSTOMERS)

ORDER

On June 8, 2006, in Case No. 2006-00171,¹ the Commission approved rates for Cow Creek Gas, Inc. (“Cow Creek”) and provided for their further adjustment in accordance with Cow Creek’s Gas Cost Adjustment (“GCA”) clause.

On January 12, 2008, Cow Creek acquired the assets of Sigma Gas Corporation (“Sigma”) and adopted Sigma’s tariff for furnishing natural gas to Sigma customers in Johnson, Floyd, and Magoffin counties.² Sigma’s tariff included a GCA clause that requires quarterly GCA filings. In our Order approving Cow Creek’s acquisition of these assets, we directed Cow Creek to file a GCA for its newly acquired Sigma operations effective no later than February 1, 2008.³ Cow Creek did so on December 26, 2007.⁴ On January 31, 2008, the Commission approved this GCA, effective February 1, 2008.

¹ Case No. 2006-00171, Application of Cow Creek Gas, Inc. for Authority to Adjust its Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities.

² Case No. 2007-00419, Application of DLR Enterprises, Inc. and Cow Creek Gas, Inc. for Approval of the Transfer of Certain Assets Formerly Owned and Controlled by Sigma Gas Corporation (Ky. PSC Nov. 21, 2007).

³ Id. at 7.

⁴ Cow Creek’s recently filed tariff for its recently acquired operations provides that Cow Creek “shall file a quarterly report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing for service rendered on and after the first day of each calendar quarter” [emphasis added]. Sigma Gas ceased submitting these reports after September 2006. Given the terms of our Order of November 21, 2007 and Cow Creek’s effort to comply with those terms, the Commission finds that Cow Creek’s calendar quarter periods begin on the first day of February, May, August, and November.

Upon further review, the Commission finds that we incorrectly assumed that Cow Creek's filing addressed all of Cow Creek's operations rather than its recently acquired operations only. The recent filing lists only gas purchases from suppliers supplying Sigma's former operations and does not refer to gas suppliers for Cow Creek's original operations. Moreover, Cow Creek's GCA clause for its original operations requires an adjustment only when a supplier's price changes. Sigma's adopted GCA clause, on the other hand, requires quarterly filings.

IT IS THEREFORE ORDERED that:

1. The Appendix to our Order of January 31, 2008 is stricken and substituted with the Appendix to this Order.
2. The rates in the Appendix to this Order are approved for billing for service rendered on and after February 1, 2008.⁵
3. All provisions of the Order of January 31, 2008 that do not conflict with the terms of this Order remain in effect.
4. Within 20 days of the date of this Order, Cow Creek shall file with this Commission revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 13th day of February, 2008.

By the Commission

ATTEST:



Executive Director

⁵ This effective date is consistent with the provisions of the Purchased Gas Adjustment Clause of the tariff that Cow Creek has adopted.

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00560 DATED FEBRUARY 13, 2008

The following rates and charges are prescribed for the customers in the area formerly served by Sigma Gas Corporation and now served by Cow Creek Gas, 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.

RATE SCHEDULES

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
First Mcf	\$6.2500	\$11.3313	\$17.5813
Over 1 Mcf	\$4.5522	\$11.3313	\$15.8835
Minimum Bill	\$17.5813		