

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
PUBLIC GAS COMPANY) 2013-00135

ORDER

On October 10, 1986, in Case No. 9565,¹ the Commission approved rates for Public Gas Company ("Public") and provided for their further adjustment in accordance with Public's Gas Cost Adjustment ("GCA") clause. On March 9, 2012, in Case No. 2012-00029,² the Commission entered an Order approving the transfer of Public's stock to Gas Natural, Inc.

On April 3, 2013, Public filed its proposed GCA to be effective May 1, 2013.

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

1. Public's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Public's proposed Expected Gas Cost ("EGC") is \$6.1431 per Mcf. Public miscalculated its projected gas cost by multiplying the expected gas cost rate by sales volumes instead of purchase volumes. Correcting this produces an EGC of \$6.5684 per

¹ Case No. 9565, Notice of Public Gas Company, Inc. of General Rate Adjustment Effective May 12, 1986 (Ky. PSC Oct. 10, 1986).

² Case No. 2012-00029, Joint Application of Gas Natural, Inc. and Kentucky Energy Development, LLC for an Order Approving a Transfer and Acquisition of Ownership and Control of Public Gas Company, Inc. (Ky. PSC March 9, 2012).

Mcf, which is an increase of \$1.1035 per Mcf from the previous EGC of \$5.4649 per Mcf.

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

4. Public's notice sets out a current quarter Actual Adjustment ("AA") of \$.0386 per Mcf. Public miscalculated its total AA by failing to include its previous quarter AA of \$.0632 per Mcf, and by continuing to include an expired AA of (\$4151) per Mcf. Public's total AA is (\$.2589) per Mcf, which is an increase of \$.4537 per Mcf from the previous total AA of (\$.7126) per Mcf.

5. Public's notice sets out a calculation for a Balance Adjustment ("BA"). Public's tariff does not include a provision for a BA; therefore, this adjustment is not included in the GCA.

5. Public's GCA is \$6.3095 per Mcf, which is an increase of \$1.5572 per Mcf from the previous GCA of \$4.7523 per Mcf.

6. The rates in the Appendix to this Order are fair, just, and reasonable and should be approved for service rendered by Public on and after May 3, 2013. Public did not give the 30 days' notice required for its increase in rates to be effective May 1, 2013.

IT IS THEREFORE ORDERED that:

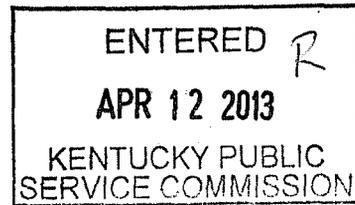
1. The rate proposed by Public is denied.

2. The rate in the Appendix attached hereto and incorporated herein is approved for service rendered on and after May 3, 2013.

3. Within 20 days of the date of this Order, Public shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff

sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:

Cara D. Greenwald for
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2013-00135 DATED APR 12 2013

The following rates and charges are prescribed for the customers served by Public Gas Company. 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 Rate</u>	<u>Total</u>
Customer Charge	\$10.00		
All Mcf	\$3.0914	\$6.3095	\$ 9.4009

Bert R Layne
Treasurer
Public Gas Company, Inc.
220 Lexington Green Circle
Suite 130
Lexington, KY 40503