

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT        )  
FILING OF COW CREEK GAS, INC.    )  
RELATING TO SERVICE PROVIDED    )        CASE NO. 2009-00089  
TO AREAS PREVIOUSLY SERVED       )  
BY SIGMA GAS CORPORATION         )

ORDER

On June 8, 2006, in Case No. 2006-00171,<sup>1</sup> 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 the former Sigma Gas Corporation ("Sigma") and adopted Sigma's tariffs for furnishing natural gas to Sigma customers in Johnson, Floyd and Magoffin counties.<sup>2</sup>

On February 26, 2009, Cow Creek filed its proposed GCA, to be applied only to the former Sigma customers, effective April 1, 2009.

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

1. Cow Creek's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

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<sup>1</sup> 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 (Ky. PSC, June 8, 2006).

<sup>2</sup> 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).

2. Cow Creek's notice sets out an Expected Gas Cost ("EGC") of \$6.4563 per Mcf, based on an average NYMEX settlement price of \$4.198 as of February 24, 2009, for gas to be sold in April, May, and June 2009. Cow Creek's EGC is calculated with a conversion factor of 1.0 and a transportation charge of \$2.00 per Mcf. The new EGC represents a decrease of \$1.4857 per Mcf from the previous EGC of \$7.9420.

3. Cow Creek's notice sets out no current quarter Refund Adjustment ("RA"). Cow Creek's notice sets out no total RA, which is no change from the previous total RA.

4. Cow Creek's notice sets out a current quarter Actual Adjustment ("AA") of \$.0959. Cow Creek's notice also sets out a total AA of \$.0959, which does not include the quarterly AA of (\$.0006) per Mcf that should be carried forward from Cow Creek's GCA for the two previous quarters. Cow Creek's total AA is \$.0953 per Mcf, which is an increase of \$.0959 from the previous total AA of (\$.0006).

5. Cow Creek's notice sets out no current quarter Balance Adjustment ("BA") and no total BA, which is no change from the previous BA of \$0. The BA will not be used by Cow Creek until it files its GCA to be effective January 1, 2010, at which time it will be used to return or recover any over/under-recoveries of gas cost realized through the (\$.0006) AA which will expire with rates effective October 1, 2009.

6. Cow Creek's GCA is \$6.5516 per Mcf, which is a decrease of \$1.3898 per Mcf from the previous GCA of \$7.9414 .

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by Cow Creek on and after April 1, 2009.

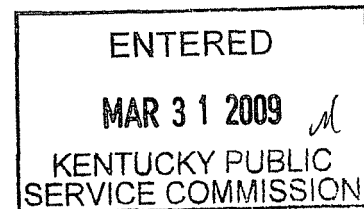
IT IS THEREFORE ORDERED that:

1. Cow Creek's proposed rates are denied.

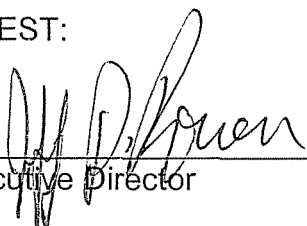
2. The rates in the Appendix to this Order are approved for billing for service rendered on and after April 1, 2009.

3. Within 20 days of the date of this Order, Cow Creek shall file with this Commission revised tariffs for its Sigma customers setting out the rates approved herein.

By the Commission



ATTEST:

  
\_\_\_\_\_  
Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00089 DATED **MAR 3 1 2009**

The following rates and charges are prescribed for the customers in the area formerly served by Sigma Gas Corporation and now served under the name 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<br/>Recovery<br/>Rate</u> | <u>Total Rate</u> |
|--------------|------------------|---------------------------------------|-------------------|
| First Mcf    | \$6.2500         | \$6.5516                              | \$12.8016         |
| Over 1 Mcf   | \$4.5522         | \$6.5516                              | \$11.1038         |
| Minimum Bill | \$12.8016        |                                       |                   |

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