

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF JOHNSON COUNTY GAS) CASE NO. 2009-00170
COMPANY)

ORDER

On September 1, 1999, in Case No. 1999-00155, the Commission approved rates for Johnson County Gas Company, Inc. ("Johnson County") and provided for their further adjustment in accordance with Johnson County's Gas Cost Adjustment ("GCA") clause.¹

On April 28, 2009 Johnson County filed its proposed GCA to be effective April 1, 2009. Johnson County filed additional information in support of its filing on May 21, 2009. Johnson County's rates cannot be placed into effect retroactively. The effective date should therefore be June 1, 2009, and Johnson County should file its next required quarterly filing no later than June 1 to be effective July 1, 2009.

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

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

¹ Case No. 1999-00155, Application of Johnson County Gas Company, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC September 1, 1999).

2. Johnson County proposes an Expected Gas Cost (“EGC”) of \$10.1717 per Mcf, which is \$.1918 per Mcf less than the previously approved EGC of \$10.3635 per Mcf. In future filings, Johnson County should provide more detailed information to support its supplier costs.

3. Johnson County’s notice sets out no Refund Adjustment.

4. Johnson County’s notice sets out a current quarter Actual Adjustment (“AA”) of (\$.1825) per Mcf, which is also its proposed total AA. Johnson County used an incorrect “EGC in Effect for Month” for November and December of 2008 and January 2009. Correcting for this error produces a current quarter AA of (\$.0634) per Mcf. Johnson County failed to include unexpired AAs from the three previous quarters in its calculation of the total AA. Correcting for this error produces a total AA of (\$.5733) per Mcf, which is an increase of \$.0471 per Mcf from the previous total AA of (\$.6204) per Mcf. Staff’s recalculation of Schedules I and IV is attached as Appendix B.

5. Johnson County’s notice sets out no current quarter Balancing Adjustment (“BA”) and no total BA. Johnson County failed to include an unexpired BA from the third previous quarter. Correcting for this error produces a total BA of (\$.2744) per Mcf, which is no change from the previous quarter total BA. Staff’s recalculation is shown in Appendix B.

6. Johnson County’s Gas Cost Recovery rate is \$9.3240 per Mcf, which is a decrease of (\$.1447) per Mcf from the previous rate of \$9.4687 per Mcf.

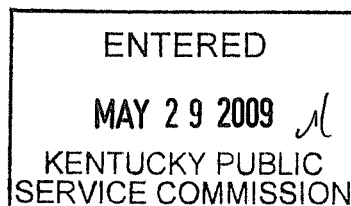
7. Johnson County’s adjustment in rates is fair, just, and reasonable, and should be approved for billing for service rendered by Johnson County on and after June 1, 2009.

8. On or before June 1, 2009, Johnson County should file its quarterly GCA for the calendar quarter beginning July 1, 2009.

IT IS THEREFORE ORDERED that:

1. Johnson County's proposed rates are denied.
2. The rates in Appendix A, attached hereto and incorporated herein, are approved for billing for service rendered on and after June 1, 2009.
3. Within 20 days of the date of this Order, Johnson County shall file with the Commission its revised tariffs setting out the rates approved herein with the approved effective date.
4. Johnson County shall file its next GCA by June 1, 2009, to be effective July 1, 2009.
5. In future filings, Johnson County shall file detailed information in support of its wholesale supplier rates.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00170 DATED **MAY 29 2009**

The following rates and charges are prescribed for the customers in the area served by Johnson County Gas Company, 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:

Residential

<u>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
Minimum Bill 0-1 Mcf	\$6.9542	\$9.3240	\$16.2782
All additional Mcf	\$5.9542	\$9.3240	\$15.2782

Commercial

<u>Monthly</u>			
All Mcf	\$6.3042	\$9.3240	\$15.6282

APPENDIX B

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$10.1717
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$0.5733)
Balance Adjustment (BA)	\$/Mcf	(\$0.2744)
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$9.3240

Proposed to be effective for service rendered from June 1, 2009

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$183,212.35
/Sales for the 12 months ended 1/31/09	\$/Mcf	18,012.00
Expected Gas Cost	\$/Mcf	\$10.1717
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	\$0.0000
+Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
=Refund Adjustment (RA)	\$ Mcf	\$0.0000
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	(\$0.0634)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0339)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.1826)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2934)
=Actual Adjustment (AA)	\$ Mcf	(\$0.5733)
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	\$0.0000
+Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	(\$0.2744)
=Balance Adjustment (BA)	\$ Mcf	(\$0.2744)

ACTUAL ADJUSTMENT

For the 12 month period ended 1/31/09

Particulars	Unit	Nov '08	Dec '08	Jan. '09
Total Supply Volumes Purchased	Mcf	2399	2310	4651
Total Cost of Volumes Purchased	\$	\$19,214.89	\$19,466.40	\$35,486.16
/ Total Sales *	Mcf	2,279.1	2,194.5	2,996.0
= Unit Cost of Gas	\$/Mcf	\$8.4311	\$8.8705	\$11.8445
- EGC in Effect for Month	\$/Mcf	\$10.4870	\$10.4870	\$10.4870
= Difference	\$/Mcf	(\$2.0559)	(\$1.6165)	\$1.3575
x Actual Sales during Month	Mcf	866.0	2,121.0	2,996.0
= Monthly Cost Difference	\$	(\$1,780.41)	(\$3,428.51)	\$4,067.11
Total Cost Difference		\$	(\$1,141.82)	
/ Sales for 12 months ended 1/31/09		Mcf	18,012.0	
= Actual Adjustment for the Reporting Period (to Sch IC)			(\$0.0634)	

* May not be less than 95% of supply volume

Bud Rife
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