

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF JOHNSON COUNTY GAS) CASE NO. 2009-00237
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 June 25, 2009 Johnson County filed its proposed GCA and requested a waiver of the 30-day notice period so that its proposed rates could 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 proposed rates represent a decrease and its filed tariff allows for out-of-time filings; therefore, its rates may become effective with less than 30 days' notice.
2. 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 Sept. 1, 1999).

3. Johnson County proposes an Expected Gas Cost (“EGC”) of \$9.9662 per Mcf. Correcting for multiplication errors in Johnson County’s filing, the EGC should be \$9.9622 per Mcf, which is a decrease of \$.2095 per Mcf from the previously approved EGC of \$10.1717 per Mcf. Staff’s calculations are attached as Appendix B.

In every future filing, Johnson County should provide support for the supplier costs expected to be in effect during the calendar quarter for which it is filing. Johnson County’s next filing should provide support for the rates expected to be in effect from Constellation New Energy, Equitable Resources, and Bradco Oil Company during the months of October, November, and December.

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

5. Johnson County’s notice sets out a current quarter Actual Adjustment (“AA”) of (\$.8813) per Mcf. Johnson County used an incorrect “EGC in Effect for Month” for February and March 2009. Correcting for this error produces a current quarter AA of (\$.8382) per Mcf. Johnson County’s total AA is (\$1.1181) per Mcf, which is a decrease of \$.5448 per Mcf from the previous total AA of (\$.5733) per Mcf. Staff’s calculations are attached as Appendix B.

6. Johnson County’s notice sets out no current quarter Balance Adjustment (“BA”) and no total BA. Johnson County failed to calculate the current BA related to the expiration of the (\$.1105) per Mcf AA in effect four quarters previous to the current rates. Correcting for this error produces a current and total BA of (\$.0074) per Mcf, which is an increase of \$.2670 per Mcf from the previous total BA of (\$.2744) per Mcf. Staff’s calculations are shown in Appendix B.

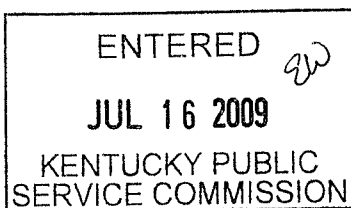
7. Johnson County's Gas Cost Recovery rate is \$8.8367 per Mcf, which is a decrease of \$.4873 per Mcf from the previous rate of \$9.3240 per Mcf.

8. 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 the date of this Order.

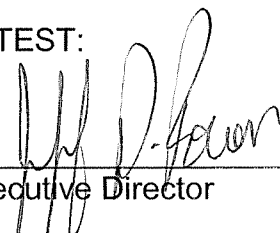
IT IS HEREBY ORDERED that:

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 the date of this Order.
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. In all future filings, Johnson County shall file detailed information in support of its expected future supplier rates.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00237 DATED **JUL 16 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	\$8.8367	\$15.7909
All additional Mcf	\$5.9542	\$8.8367	\$14.7909

Commercial

<u>Monthly</u>			
All Mcf	\$6.3042	\$8.8367	\$15.1409

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00237 DATED **JUL 16 2009**

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$9.9622
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$1.1181)
Balance Adjustment (BA)	\$/Mcf	(\$0.0074)
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$8.8367

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

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$179,866.70
/Sales for the 12 months ended 3/31/09	\$/Mcf	18,055.00
Expected Gas Cost	\$/Mcf	\$9.9622
<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	(\$0.8382)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0634)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0339)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.1826)
=Actual Adjustment (AA)	\$/Mcf	(\$1.1181)
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	(\$0.0074)
+Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
=Balance Adjustment (BA)	\$/Mcf	(\$0.0074)

SCHEDULE II
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended March 31, 2009

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Constellation New Energy	12,430	1.025	12,308	\$10.14	\$126,040.20
Equitable Resources	1,886	1.025	1,840	\$8.2500	\$15,559.50
Bradco Oil Company			4,502.00	\$8.5000	\$38,267.00
			-		\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals			18,650	\$179,866.70
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Line loss for 12 months ended 3/31/2009 is based on purchases of 18,650.00
and sales of 18,055.00 Mcf. 3.19%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$179,866.70
/ Mcf Purchases (4)		18,650
= Average Expected Cost Per Mcf Purchased		\$9.6443
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		18,650.00
= Total Expected Gas Cost (to Schedule IA)		\$179,866.70

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended 3/31/09

Particulars	Unit	Jan-09	Feb-09	Mar-09
Total Supply Volumes Purchased	Mcf	4651	3723	2819
Total Cost of Volumes Purchased	\$	\$35,486.16	\$27,287.60	\$18,801.24
/ Total Sales *	Mcf	2,996.0	3,481.0	2,819.0
= Unit Cost of Gas	\$/Mcf	\$11.8445	\$7.8390	\$6.6695
- EGC in Effect for Month	\$/Mcf	\$10.4870	\$10.3635	\$10.3635
= Difference	\$/Mcf	\$1.3575	(\$2.5245)	(\$3.6940)
x Actual Sales during Month	Mcf	2,996.0	3,481.0	2,819.0
= Monthly Cost Difference	\$	\$4,067.11	(\$8,787.74)	(\$10,413.47)

Total Cost Difference	\$	(\$15,134.10)
/ Sales for 12 months ended 1/31/09	Mcf	18,055.0
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.8382)

* May not be less than 95% of supply volume

SCHEDULE IV
BALANCE ADJUSTMENT

Case No. 2008-00067	Effective April 1, 2008			
Effective Date	Mcf Sales	Factor	Refunded	Balance
Beginning Balance		(\$0.1105)		(\$1,833.91)
Apr-08	926	(\$0.1105)	(\$102.32)	(\$1,731.59)
May-08	926	(\$0.1105)	(\$102.32)	(\$1,629.26)
Jun-08	500	(\$0.1105)	(\$55.25)	(\$1,574.01)
Jul-08	216	(\$0.1105)	(\$23.87)	(\$1,550.15)
Aug-08	174	(\$0.1105)	(\$19.23)	(\$1,530.92)
Sep-08	143	(\$0.1105)	(\$15.80)	(\$1,515.12)
Oct-08	214	(\$0.1105)	(\$23.65)	(\$1,491.47)
Nov-08	866	(\$0.1105)	(\$95.69)	(\$1,395.78)
Dec-08	2,121	(\$0.1105)	(\$234.37)	(\$1,161.41)
Jan-09	2,996	(\$0.1105)	(\$331.06)	(\$830.35)
Feb-09	3,481	(\$0.1105)	(\$384.65)	(\$445.70)
Mar-09	2,819	(\$0.1105)	(\$311.50)	(\$134.20)
Under/(Over) Recovery		(\$134.20)		
Mcf Sales for factor	18,055			
BA Factor		(\$0.0074)		

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