

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF ELAM UTILITY COMPANY) CASE NO. 2010-00212

ORDER

On October 24, 2003, in Case No. 2003-00171, the Commission approved rates for Elam Utility Company ("Elam") and provided for their further adjustment on a quarterly basis in accordance with Elam's Gas Cost Adjustment ("GCA") clause.¹

On May 28, 2010, Elam filed its proposed GCA to be effective July 1, 2010.

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

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

2. Elam's notice sets out an Expected Gas Cost ("EGC") of \$5.4200 per Mcf based on the three-month NYMEX average for July, August, and September 2010. Elam failed to multiply Dth volumes purchased from Seminole Energy by the NYMEX-derived rate of \$4.229 per Dth. Correcting this produces an EGC of \$5.7204 per Mcf,

¹ Case No. 2003-00171, A Review of the Rates of Elam Utility Company, Inc. Pursuant to the Decision to Approve the Financing Requested in Case No. 2001-00324 (Ky. PSC Oct. 24, 2003).

which is a decrease of \$.7020 per Mcf from the previously approved EGC of \$6.4224 per Mcf.

3. Elam's notice sets out no current Refund Adjustment.

4. Elam's revised notice sets out a current quarter Actual Adjustment ("AA") of \$.9441 per Mcf. Elam used an incorrect "EGC in effect for month" for January, February, and March 2010. Elam should have used the EGC rate of \$6.4366 approved to be charged during the months of January, February, and March 2010 in Case No. 2009-00469.² Elam also failed to adjust "Total Sales" to limit line loss to five percent. Correcting these errors produces a current quarter AA of \$.2183 per Mcf. Elam also failed to include the "Previous Quarter Reported Actual Adjustment" of \$.6428 per Mcf which was approved by the Commission. Elam's total AA is (\$2.8095) per Mcf, which is an increase of \$.2183 per Mcf from the previous total AA of (\$3.0278) per Mcf.

5. Elam's notice sets out no current quarter Balancing Adjustment ("BA"). Elam's total BA is unchanged from the previous total BA of (\$1.0743) per Mcf.

6. Elam's revised GCA is \$1.8366 per Mcf, which is a decrease of \$.4837 per Mcf from the previous GCA of \$2.3203 per Mcf.

7. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered by Elam on and after July 1, 2010.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Elam are hereby denied.

² Case No. 2009-00469, Purchased Gas Adjustment Filing of Elam Utility Company (Ky. PSC Dec. 18, 2009).

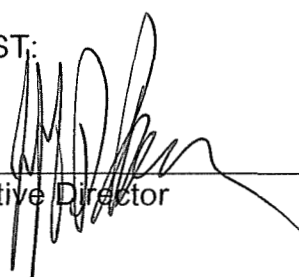
2. The revised rates in the Appendix to this Order are fair, just, and reasonable, and are approved for billing for service rendered on and after July 1, 2010.

3. Within 20 days of the date of this Order, Elam shall file its revised tariffs with the Commission setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED *ew*
JUN 25 2010
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00212 DATED **JUN 25 2010**

The following rates and charges are prescribed for the customers served by Elam Utility Company. 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>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
Customer Charge			\$6.15
All Mcf	\$4.2999	\$ 1.8366	\$6.1365

Industrial

Customer Charge			\$9.00
All Mcf	\$3.8101	\$1.8366	\$5.6467

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