

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING) CASE NO. 2012-00094
FILING OF JOHNSON COUNTY GAS COMPANY)

ORDER

On September 1, 1999, in Case No. 1999-00155,¹ 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.

On March 13, 2012, Johnson County filed its GCA to be effective April 1, 2012.

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.

2. Johnson County’s notice sets out an Expected Gas Cost (“EGC”) of \$6.7674 per Mcf, based on supplier rates currently in effect of \$8.50 per Mcf from Johnson County’s supplier Bradco, and \$6.00 per Mcf for volumes delivered by NiSource. The transmittal letter accompanying Johnson County’s GCA filing stated that, in the future, supplier rates would be \$6.00 per Mcf. Johnson County confirmed

¹ Case No. 1999-00155, *In the Matter of the Alternate Rate Filing of Johnson County Gas Company, Inc.* (Ky. PSC Sept. 1, 1999).

with Commission Staff that the \$6.00 per Mcf rate will be set out in a supply contract with Bradco and with Hall, Stephens, and Hall, the future source of the NiSource volumes, beginning in June. The Bradco rate was therefore pro-rated to reflect the fact that \$8.50 would be charged during April and May, with \$6.00 expected to be charged in June. The rate for the NiSource volumes was likewise pro-rated applying a 12-month NYMEX strip rate of \$3.00 for April and May and a \$6.00 expected rate for June. Both supply contracts should be provided to the Commission when executed. Johnson County's next GCA application, to be filed June 1, 2012 for rates effective July 1, 2012, should provide an explanation of the reasonableness of the \$6.00 per Mcf rates given the relatively low current market price for gas. The revised EGC of \$5.1455 per Mcf represents an increase of \$.1509 per Mcf from its previous EGC of \$4.9946 per Mcf. The calculation reflects a correction to Johnson County's annual sales volumes.

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

4. Johnson County's notice sets out a current quarter Actual Adjustment ("AA") in the amount of (\$.3494) per Mcf. Correcting Johnson County's annual sales figure used in the calculation produces a current AA of (\$.2966) per Mcf, which is also Johnson County's total AA. This represents a decrease of \$.2966 from Johnson County's previous quarter rates, which included no AA.

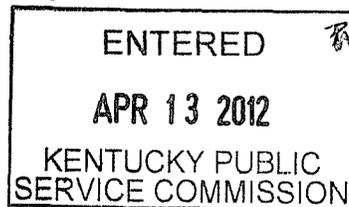
5. Johnson County's GCA rate is \$4.8489 per Mcf, which is a decrease of \$.1457 per Mcf from its previous GCA of \$4.9946 per Mcf.

6. The rates in the Appendix to this Order are fair, just, and reasonable and should be approved for billing for service rendered by Johnson County on and after the date of this Order.

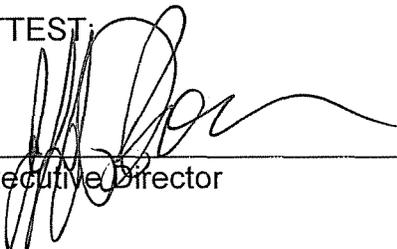
IT IS THEREFORE ORDERED that:

1. The rates proposed by Johnson County are denied.
2. The rates in the Appendix, 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 its revised tariff sheets with this Commission setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.
4. Johnson County shall file copies of new gas supply contracts as soon as they are executed and Johnson County's next GCA filing shall include an explanation of the reasonableness of the rates included in those contracts.
5. Any document filed in the future pursuant to ordering paragraph 4 herein shall reference this case number and shall be retained in the utility's general correspondence file.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00094 DATED APR 13 2012

The following rates and charges are prescribed for the customers in the area served by Johnson County Gas 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 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	\$4.8489	\$11.8031
All additional Mcf	\$5.9542	\$4.8489	\$10.8031

Commercial

<u>Monthly</u>			
All Mcf	\$6.3042	\$4.8489	\$11.1531

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