

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF VALLEY GAS, INC.)	2015-00401

ORDER

On November 5, 2013, in Case No. 2013-00150,¹ the Commission approved rates for Valley Gas, Inc. ("Valley Gas") and provided for their further adjustment on a quarterly basis in accordance with Valley Gas's Purchased Gas Cost Adjustment clause.

On December 3, 2015, Valley Gas filed its Gas Cost Recovery ("GCR") rate application to be effective January 1, 2016.

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

1. Valley Gas's notice includes a revised rate designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley Gas's proposed Expected Gas Cost ("EGC") is \$4.8500 per Mcf, which is an increase of \$.4808 per Mcf from the previous EGC of \$4.3692 per Mcf.
3. Valley Gas's notice sets out no current quarter Refund Adjustment.
4. Valley Gas's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.0175) per Mcf, based on its actual Mcf volumes purchased and sold

¹ Case No. 2013-00150, *Application of Valley Gas, Inc. for an Alternative Rate Adjustment* (Ky. PSC Nov. 5, 2013).

instead of limiting line loss recovered through the ACA to 5 percent, which the Commission finds to be reasonable. The Commission notes that Valley Gas incorrectly used a 12-months sales volume of 35,959 instead of the sales volume derived from its monthly sales information contained in this and previous GCR applications, which totals 37,054 Mcf. Correcting this produces a current ACA of (\$.0170) per Mcf. Valley Gas's total ACA is (\$1.2539) per Mcf, which is an increase of \$.0228 per Mcf from its previous total ACA of (\$1.2767) per Mcf.

5. Valley Gas's corrected GCR rate is \$3.5961 per Mcf, which is an increase of \$.5036 per Mcf from the previous GCR rate of \$3.0925 per Mcf.

6. The rate set forth in the Appendix to this Order is fair, just, and reasonable and should be approved for service rendered by Valley Gas on and after January 2, 2016. Valley Gas did not give the 30 days' notice required for its increase in rates to be approved effective January 1, 2016.

IT IS THEREFORE ORDERED that:

1. The rate proposed by Valley Gas is denied.
2. The rate set forth in the Appendix to this Order is approved for service rendered by Valley Gas on and after January 2, 2016.
3. Within 20 days of the date of this Order, Valley Gas shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

By the Commission

ENTERED
DEC 17 2015
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

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Secretary
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