

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT	)	CASE NO.
FILING OF B&H GAS COMPANY	)	2018-00073

ORDER

On January 13, 1992, in Case No. 1991-00127, the Commission approved certain adjusted rates for B&H Gas Company (“B&H”).<sup>1</sup> On May 4, 2017, the Commission approved changes to B&H’s Purchased Gas Adjustment (“PGA”) clause in Case No. 2015-00367.<sup>2</sup> Those changes updated the methodology of calculating the components of B&H’s gas cost via the Gas Cost Recovery (“GCR”) rate mechanism.

On February 20, 2018, B&H filed its GCR rate application with rates proposed to be effective April 1, 2018.

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

1. B&H’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs from its supplier B&S Oil & Gas Company, an affiliate pursuant to KRS 278.010(18).

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<sup>1</sup> Case No. 1991-00127, *The Application of B&H Gas Company, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Jan. 13, 1992).

<sup>2</sup> Case No. 2015-00367, *An Investigation of the Gas Costs of B&H Gas Company Pursuant to KRS 278.2207 and the Wholesale Gas Price It is Charged by Its Affiliate, B&S Oil and Gas Company, Pursuant to KRS 278.274* (Ky. PSC May 4, 2017).

2. B&H's notice sets out an Expected Gas Cost ("EGC") of \$5.3643 per Mcf. B&H did not follow the Commission's methodology for setting B&H's market price to B&H, as required in Case No. 2015-00367, when it calculated its EGC. Furthermore, the Commission finds that, based on the well testing data supplied with B&H's application, an adjustment to B&H's heat rate should be made. B&H's heat rate for the purposes of this application should be 1,357 BTU per cubic foot. B&H's corrected EGC is \$5.6743 per Mcf, which is a decrease of \$.1646 per Mcf from the previous EGC of \$5.8389 per Mcf.

3. B&H's notice sets out no Refund Adjustment ("RA") as B&H has appealed the Commission's Orders in Case No. 2015-00367 to Franklin Circuit Court, and moved the Circuit Court to temporarily enjoin the RA from going into effect, pending a final adjudication of the appeal.<sup>3</sup> On September 19, 2017, the Franklin Circuit Court granted a temporary injunction, staying the implementation of the (\$3.0000) per Mcf RA, pending final adjudication of B&H's appeal of the Commission's final Order in Case No. 2015-00367. Accordingly, the RA will not be included in B&H's April 1, 2018, GCR rate.

4. B&H's corrected GCR rate is \$5.6743 per Mcf, which is a decrease of \$.1646 per Mcf from its previous GCR rate of \$5.8389 per Mcf.

5. The rates set forth in the Appendix to this Order should be approved for service rendered by B&H on and after April 1, 2018, subject to further revision based upon the final outcome of the appeal of the Commission's Order in Case No. 2015-00367.

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<sup>3</sup> Franklin Circuit Court, Case No. 17-CI-722, *B&H Gas Company and B&S Oil and Gas Company v. Kentucky Public Service Commission and Attorney General of the Commonwealth of Kentucky, By and Through His Office of Rate Intervention*.

IT IS THEREFORE ORDERED that:

1. The rates proposed by B&H are denied.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after April 1, 2018, subject to further revision based upon the final outcome of the appeal of the Commission's Order in Case No. 2015-00367.
3. Within 20 days of the date of entry of this Order, B&H shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

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By the Commission

ENTERED  
MAR 13 2018  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

Case No. 2018-00073

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00073 DATED **MAR 13 2018**

The following rates and charges are prescribed for the customers served by B&H Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### RETAIL RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 2 Mcf	\$4.7938	\$5.6743	\$16.1424
Next 8 Mcf, per Mcf	1.9788	5.6743	7.6531
Next 20 Mcf, per Mcf	1.5611	5.6743	7.2354
Over 30 Mcf, per Mcf	1.3103	5.6743	6.9846

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