

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING)	CASE NO.
OF SENTRA CORPORATION)	2018-00124

ORDER

On November 17, 1998, in Case No. 1997-00429, the Commission approved initial operations and rates for Sentra Corporation ("Sentra").¹ On August 16, 2016, the Commission approved changes to Sentra's Purchased Gas Adjustment ("PGA") clause in Case No. 2016-00139.² Those changes updated the methodology of calculating the components of Sentra's gas cost via a Gas Cost Recovery ("GCR") rate mechanism.

Sentra's last PGA was approved by the Commission to be effective August 1, 2017.³ Due to a change in staffing, Sentra did not file its PGA applications as required by its tariff for the prior two quarters.⁴ On April 5, 2018, Sentra filed its proposed Gas Cost Recovery application to be effective May 1, 2018.

¹ Case No. 1997-00429, *The Petition of Sentra Corporation for a Certificate of Convenience and Necessity to Construct Facilities, Approval of Financing, Approval of Initial Rates and Operation of a Natural Gas Distribution System for the City of Fountain Run, Kentucky* (Ky. PSC Nov. 17, 1998).

² Case No. 2016-00139, *An Investigation of the Gas Costs of Sentra Corporation Pursuant to KRS 278.2207, the Wholesale Gas Price It is Charged by Its Affiliate, Magnum Hunter Production, Inc., Pursuant to KRS 278.274, and the Structure of the Purchased Gas Adjustment Clause Contained in Its Filed Tariff* (Ky. PSC Aug. 16, 2016) .

³ Case No. 2017-00258, *Purchased Gas Adjustment Filing of Sentra Corporation* (Ky. PSC July 26, 2017).

⁴ Cover letter to Application.

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

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

2. Sentra's notice sets out an Expected Gas Cost ("EGC") of \$4.4901 per Mcf. The proposed EGC is based on the most current available New York Mercantile Exchange ("NYMEX") Natural Gas futures prices for May through July 2018. Based on the NYMEX prices provided by Sentra, the NYMEX rate per Dth on Schedule II of the Application should be the average of the high and low prices for the months of May, June, and July, or \$2.7522 per Dth instead of \$2.8050 per Dth. Sentra's EGC includes a \$1.06 per Mcf transportation fee from Clay Gas Utility District ("Clay Gas") as well as a \$.335 per Mcf adder charged by its natural gas marketer, Greystone, LLC ("Greystone"), which is based on an average of 12 months of Greystone administrative charges. Sentra's corrected EGC is \$4.4325 per Mcf, which represents a decrease of \$.0757 per Mcf from its previous EGC of \$4.5082 per Mcf.

3. Sentra's notice sets out no Refund Adjustment.

4. Sentra's notice sets out a current quarter Actual Adjustment ("AA") of (\$.9986) per Mcf. Due to the last Commission approved change in rates taking place for the period of August 1, 2017, to October 31, 2017, Sentra's Previous Quarter and Second Quarter AA are set at \$.0000 per Mcf with the current quarter AA reconciling the last nine months of gas costs. This produces a total AA of (\$.9758) per Mcf, which is a decrease of \$.9593 per Mcf from the previous total AA of (\$.0165) per Mcf.

5. Sentra's notice sets out no Balancing Adjustment ("BA"). The BA will not be available to Sentra until it files its PGA application for rates effective August 1, 2018, at which time the Total Cost Difference of (\$1,050.55) from the AA approved effective May 1, 2017, will be reconciled with actual recoveries of gas cost through the AA over the 12 months ending April 30, 2018.

6. Sentra's corrected GCR rate is \$3.4567 per Mcf, which is a decrease of \$1.0350 per Mcf from its previous GCR rate of \$4.4917 per Mcf.

7. The rates set forth in the Appendix to this Order are fair, just, and reasonable and should be approved for final meter readings by Sentra on and after May 1, 2018.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Sentra are denied.

2. The rates set forth in the Appendix to this Order are approved for final meter readings on and after May 1, 2018. Although Sentra's PGA rate filing did not provide 30 days' notice to the Commission as required by its tariff, KRS 278.180(2) authorizes the Commission to make a reduction in rates effective in less than 30 days.

3. Within 20 days of the date of entry of this Order, Sentra 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.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00124 DATED **APR 24 2018**

The following rates and charges are prescribed for the customers served by Sentra 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:

RESIDENTIAL AND COMMERCIAL

<u>Base Rate</u>		<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge/month	\$5.00		
All Mcf	\$2.1440	\$3.4567	\$5.6007

INDUSTRIAL

<u>Base Rate</u>		<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge/month	\$10.00		
All Mcf	\$1.3197	\$3.4567	\$4.7764

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