

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF B&H GAS COMPANY)	2019-00173

ORDER

On May 28, 2019, B&H Gas Company (B&H) filed its Gas Cost Recovery (GCR) rate report with rates proposed to be effective July 1, 2019.

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

1. B&H's report 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 (B&S), an affiliate pursuant to KRS 278.010(18).

2. B&H's report sets out an Expected Gas Cost (EGC) of \$4.8436 per Mcf. B&H did not follow the Commission's methodology for setting B&S's market price to B&H as required in Case No. 2015-00367¹ when it calculated its EGC. B&H failed to use the total billing Intrastate Utility Service rate from Columbia Gas of Kentucky, Inc., and the EGC from Peoples Gas KY, LLC, most recent GCR rate report in its rate calculation. B&H's corrected EGC is \$5.7047 per Mcf, which is a decrease of \$.9928 per Mcf from its previous EGC of \$6.6975 per Mcf.

¹ 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).

3. B&H's report 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.² 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 July 1, 2019 GCR rate.

4. B&H's corrected GCR rate is \$5.7047 per Mcf, which is a decrease of \$.9928 per Mcf from its previous GCR rate of \$6.6975 per Mcf.

5. The rates set forth in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by B&H on and after July 1, 2019.

6. In this and previous GCR reports, B&H made repeated errors and omissions that impact timely and accurate processing of its filings. The Commission finds that B&H should conduct a careful and thorough review to minimize any potential errors in its future GCR reports. Failure to minimize errors in future filings may adversely affect the timely processing of B&H's GCR reports.

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 July 1, 2019.

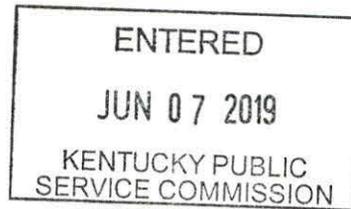
² Franklin Circuit Court, Case No. 17-CI-722, *B&H Gas Company and B&S Oil and Gas Company v. Kentucky Public Service Commission and Attorney General of the Commonwealth of Kentucky, By and Through His Office of Rate Intervention*.

3. Within 20 days of the date 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.

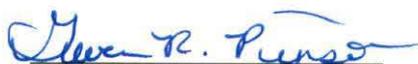
4. This case is closed and removed from the Commission's docket.

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By the Commission



ATTEST:


Executive Director

Case No. 2019-00173

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2019-00173 DATED **JUN 07 2019**

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 the 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	\$5.7047	\$16.2032*
Next 8 Mcf, per Mcf	1.9788	5.7047	7.6835
Next 20 Mcf, per Mcf	1.5611	5.7047	7.2658
Over 30 Mcf, per Mcf	1.3103	5.7047	7.0150

*Charge includes 2 Mcf of natural gas (\$4.7938 + (5.7047 x 2))

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