

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF VALLEY GAS, INC.) CASE NO. 2014-00415

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 1, 2014, Valley Gas filed its Gas Cost Recovery ("GCR") rate application to be effective January 1, 2015.

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 \$5.3812 per Mcf. Valley Gas miscalculated its EGC by failing to adjust Allowable Mcf Purchases for line loss exceeding 5 percent. Correcting this produces an EGC of \$5.3572 per Mcf, which is a decrease of \$.8529 per Mcf from the previous EGC of \$6.2101 per Mcf.
3. Valley Gas's notice sets out no current quarter Refund Adjustment.

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

4. Valley Gas's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.0465) per Mcf. Valley Gas did not use the \$6.0595 per Mcf EGC in effect for the months of July, August, and September 2014 in calculating its current quarter ACA. Correcting this produces a current quarter ACA of (\$.0398) per Mcf. Valley Gas's corrected total ACA is (\$.0893) per Mcf, which is a decrease of \$.0212 per Mcf from its previous total ACA (\$.0681) per Mcf.

5. Valley Gas's GCR is \$5.2679 per Mcf, which is a decrease of \$.8741 per Mcf from the previous GCR of \$6.1420 per Mcf.

6. The rate 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 1, 2015.


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 on and after January 1, 2015.
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, a revised tariff sheet setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

By the Commission

ENTERED
DEC 22 2014
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2014-00415

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00415 DATED **DEC 22 2014**

The following rates and charges are prescribed for the customers served by Valley Gas, Inc. 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.

RATES:

Customer Charge

\$15.00

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$3.0061	\$5.2679	\$8.2740

Kerry R Kasey
Secretary
Valley Gas, Inc.
401 First Street
P. O. Box 55
Irvington, KY 40146