

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE GAS COSTS OF	)	
B&H GAS COMPANY PURSUANT TO KRS 278.2207	)	CASE NO.
AND THE WHOLESALE GAS PRICE IT IS CHARGED BY	)	2015-00367
ITS AFFILIATE, B&S OIL AND GAS COMPANY,	)	
PURSUANT TO KRS 278.274	)	

ORDER

This matter comes to the Commission on: (1) the motion of B&H Gas Company (“B&H”) and B&S Oil and Gas Company (“B&S”) (collectively, “Companies”) to hold this case in abeyance pending B&H’s filing of an Alternative Rate Filing (“ARF”) application pursuant to 807 KAR 5:056; (2) the Attorney General of the Commonwealth of Kentucky, by and through Office or Rate Intervention’s (“AG”) response to the Companies’ motion; (3) the motion of the AG to set a procedural schedule in this proceeding; and (4) the Companies’ response to the motion of the AG to set a procedural schedule.

Background on Companies’ Motion to Hold Case in Abeyance

The motion to hold in abeyance avers that B&H intends to file an ARF application by April 10, 2016, and requests that this case be held in abeyance until six months from the date such application is filed. The Companies state that the totality of B&H’s rates does not exceed the totality of the rates of like-sized gas utilities in Kentucky. While the gas cost portion of the bill of an average B&H customer seems high in comparison to like-sized utilities, the Companies claim that B&H’s base rates are much lower than that of those same utilities, resulting in total bills similar to or lower than the bills of like-sized

gas utilities. The Companies also ask that the Commission not order any refunds of allegedly higher gas costs to B&H's customers.

In response to the Companies' motion, the AG recites the findings in the Order initiating this proceeding and states that B&H, by its actions, is not seeking to reduce the gas component of its rates but, rather, is claiming that it may need to increase its base rates. The AG urges the Commission to continue this investigation, stating that while B&H can submit an ARF application at its choosing, this case is too important to B&H's ratepayers to be held in abeyance.

#### Background on AG's Motion to Set Procedural Schedule

The Commission initiated this investigation on its own motion on November 24, 2015. There was no intervention in this proceeding, until the AG moved to intervene on February 15, 2016. In cases without intervenors, with no one other than Commission Staff ("Staff") submitting discovery, it is not unusual for the Commission to forgo establishing a procedural schedule. Roughly two weeks after the AG was granted intervention, he submitted a request for information to the Companies. Ten days later, on March 18, 2016, he filed a motion to set a procedural schedule, citing therein the Commission's March 8, 2016 Order compelling the Companies to respond to Staff's February 10, 2016 request for information. The AG states that he communicated to the Companies' counsel his request that responses to his request for information be provided by April 1, 2016, more than three weeks from the date of his requests. Stating that a procedural schedule would provide the Commission, Staff, and the parties more certainty and deliberation, the AG requests that a procedural schedule be issued.

On April 4, 2016, the Companies' filed a response to the AG's motion, contesting the AG's assertion that three weeks is more than a reasonable amount of time to respond to his requests for information.<sup>1</sup> The Companies contend that because of the voluminous nature of the AG's requests and the amount of time B&H must devote to preparing its planned ARF application, additional time is needed to respond to the AG's requests. They close their response by requesting that a procedural schedule be issued giving them until at least April 18, 2016, to answer the AG's requests for information.

### DISCUSSION

#### Companies' Motion to Hold Case in Abeyance

The Companies' initial argument in support of their motion concerns how B&H's total rates (gas cost portion and base rate portion) compare to the total rates of other Kentucky-based smaller local gas distribution companies ("LDCs"). The Companies fail to demonstrate how this type of comparison relates to the reasonableness of B&H's gas costs. Furthermore, their motion includes no support for their allegation. B&H's intent to submit an ARF application likewise bears little relation to the reasonableness of its gas costs. While the Commission will make all reasonable efforts to timely process the ARF application upon filing by B&H, we will not grant the Companies' request to hold this case in abeyance during the pendency of the ARF proceeding.

#### AG's Motion to Set Procedural Schedule

The AG's motion requests a procedural schedule establishing "the additional procedural steps in this investigation." The Companies' response takes no exception to

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<sup>1</sup> The Companies' Response to the AG's Motion to Set a Procedural Schedule was filed 17 days after the AG's Motion was filed.

the request for a procedural schedule; it asks only that the schedule allow them until at least April 18, 2016, to respond to the AG's outstanding requests. Recognizing the amount of time that has lapsed and the need to move forward in this investigation, we find that a procedural schedule should be established, and such has been appended to this Order. The schedule allows the Companies until April 18, 2016, to respond to the AG's requests for information.

### FINDINGS

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The Companies' request to hold this case in abeyance until the completion of B&H's planned ARF proceeding should be denied.
2. The AG's motion to establish a procedural schedule for this proceeding should be granted.

IT IS THEREFORE ORDERED that:

1. The Companies' request to hold this case in abeyance is denied.
2. The procedural schedule appended hereto shall be followed for the remainder of this proceeding.

By the Commission



ATTEST:

Acting Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2015-00367 DATED **APR 13 2016**

- B&H and B&S shall file responses to the AG's initial requests for  
information no later than .....04/18/16
  
- Supplemental requests for information to B&H and B&S  
shall be filed no later than .....04/29/16
  
- B&H and B&S shall file responses to supplemental requests  
for information no later than .....05/12/16
  
- Any party's request for a formal evidentiary hearing  
shall be filed no later than .....05/20/16

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