

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF BURKESVILLE GAS)	CASE NO.
COMPANY, INC.)	2017-00351

ORDER

On October 31, 2008, in Case No. 2008-00032,¹ the Commission approved rates for Burkesville Gas Company, Inc. (“Burkesville”) and provided for their further adjustment on a monthly basis in accordance with Burkesville’s Purchased Gas Cost Adjustment (“GCA”) clause. On June 1, 2013, Burkesville implemented a revision in its GCA clause through the Commission’s tariff filing system to provide for quarterly adjustment of its rates.

On August 28, 2017, Burkesville filed its Gas Cost Recovery (“GCR”) rate application with a proposed effective date of September 28, 2017.

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Burkesville’s notice includes revised rates designed to pass on to its customers its expected change in gas costs.
2. Burkesville’s notice sets out an Expected Gas Cost (“EGC”) of \$7.8986

¹ Case No. 2008-00032, *Application of Burkesville Gas Company, Inc. for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities and for an Increase in Certain Nonrecurring Charges* (Ky. PSC Oct. 31, 2008).

per Mcf. In Burkesville's cover letter to its application, it states that during the late fall and early winter, in order to meet increased heating-season demand, Burkesville begins purchasing more gas than it will immediately sell in order to increase the pressure on the transmission line that serves its system. Because of this, Burkesville states that the purchase and sales volume information provided its GCR application indicate a greater than actual amount of lost-and-unaccounted-for ("L&U") gas. The Commission has reviewed Burkesville's 2016 Annual Report, and notes that it reported L&U gas of 3.9 percent during that time period.² In the instant application, Burkesville reported L&U gas for the 12 months ended June 30, 2017, of 7.44 percent. Although Burkesville calculated the \$7.8986 per Mcf EGC using the standard 5 percent L&U limit, it asked the Commission to consider whether the calculation could be revised to accommodate its pre-heating season purchasing practice.

The Commission recognizes that the GCR limits L&U gas to 5 percent. Given that Burkesville's L&U gas of 7.44 percent for the 12 months included in this application may be artificially high due to its purchases to increase the pressure on the transmission line, and that Burkesville's 2016 L&U gas was less than 5 percent, the Commission finds that Burkesville should not be penalized as though it had excessive line loss for the purpose of calculating its EGC in this case. Recalculating Burkesville's EGC rate to reflect the indicated line loss amount produces an EGC of \$8.1066 per Mcf, which is an increase of \$.1510 per Mcf from the previous EGC of \$7.9556 per Mcf.

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

² See Burkesville's 2016 Annual Report at 37 of 42.

4. Burkesville's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.1559) per Mcf. Burkesville's total ACA is (\$.0837) per Mcf, which is a decrease of \$.0921 per Mcf from its previous total ACA of \$.0084 per Mcf.

5. Burkesville's corrected GCR rate is \$8.0229 per Mcf, which is an increase of \$.0589 per Mcf from the previous GCR rate of \$7.9640 per Mcf.

6. The rates set forth in the Appendix to this Order are fair, just, and reasonable and should be approved for service rendered by Burkesville on and after September 28, 2017.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Burkesville are denied.

2. The rates set forth in the Appendix to this Order are approved for service rendered by Burkesville on and after September 28, 2017.


3. In any future GCR application in which Burkesville requests to deviate from the 5 percent L&U gas limit due to increasing or decreasing the pressure on the transmission line, Burkesville shall include that request, and any rationale for the request, in its cover letter when submitting the GCR application.

4. Within 20 days of the date of this Order, Burkesville 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

ENTERED
SEP 15 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Acting Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2017-00351 DATED **SEP 15 2017**

The following rates and charges are prescribed for the customers in the area served by Burkesville Gas Company, 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 \$7.50

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Residential	\$7.54	\$8.0229	\$15.5629
Industrial	\$7.19	\$8.0229	\$15.2129

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