

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF B&H GAS COMPANY)	2018-00381

ORDER

On November 19, 2018, B&H Gas Company (B&H) filed its Gas Cost Recovery (GCR) rate application with rates proposed to be effective January 1, 2019.

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

1. B&H's application 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 application sets out an Expected Gas Cost (EGC) of \$6.8707 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's corrected EGC is \$6.3915 per Mcf.

3. B&H's application 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

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).

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 January 1, 2019 GCR rate.

4. B&H's corrected GCR rate is \$6.3915 per Mcf, which is an increase of \$.6476 per Mcf from its previous GCR rate of \$5.7439 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 January 1, 2019.

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 January 1, 2019.
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.

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*.

By the Commission

ENTERED
DEC 12 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2018-00381

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00381 DATED **DEC 12 2018**

The following rates and charges are prescribed for the customers served by B&H Gas Company. 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	\$6.3915	\$17.5768*
Next 8 Mcf, per Mcf	1.9788	6.3915	8.3703
Next 20 Mcf, per Mcf	1.5611	6.3915	7.9526
Over 30 Mcf, per Mcf	1.3103	6.3915	7.7018

*Charge includes 2 Mcf of natural gas ($\$4.7938 + (6.3915 \times 2)$)

*B & H Gas Company
P. O. Box 447
Betsy Layne, KY 41605

*Bud Rife
President
B & H Gas Company
P. O. Box 447
Betsy Layne, KY 41605