

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF VALLEY GAS, INC.)	2018-00409

ORDER

On December 10, 2018, Valley Gas, Inc. (Valley Gas), filed its Gas Cost Recovery (GCR) rate application to be effective January 1, 2019.

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

1. Valley Gas's application includes a revised rate designed to pass on to its customers its expected change in gas costs.
2. Valley Gas's application sets out an Expected Gas Cost (EGC) of \$3.4403 per Mcf. Valley Gas did not use the correct purchases, sales volume, and storage volumes in the calculation of its EGC. Valley Gas's corrected EGC is \$3.2094 per Mcf.
3. Valley Gas's application sets out no Refund Adjustment.
4. Valley Gas's application sets out a current quarter Actual Cost Adjustment (ACA) of (\$.1788) per Mcf. Valley Gas did not use the correct Total Sales Volume purchased or the correct EGC in effect for July, August, and September 2018, in the calculation of its current quarter ACA. Correcting this produces a current quarter ACA of (\$.0922) per Mcf and a total ACA of (\$.6753) per Mcf.
5. Valley Gas's corrected GCR rate is \$2.5341 per Mcf, which is a decrease of \$1.2815 per Mcf from the previous GCR rate of \$3.8156 per Mcf.

6. The rate set forth 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, 2019. Although Valley Gas's GCR rate application did not provide 30 days' notice to the Commission as required by its tariff, KRS 278.180(2) authorizes the Commission to make a reduction in rates effective in less than 30 days.

7. Valley Gas's next GCR application should include all invoices received from Constellation Energy for the prior calendar quarter. Valley Gas's future GCR applications should also include the additional information previously provided as a supplemental filing on June 13, 2018, in Case No. 2018-00177¹ as it pertains to the calculation of the future GCR rate.

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, 2019.
3. Valley Gas's future GCR applications shall include the information required in finding paragraph 7.
4. Within 20 days of the date of entry of this Order, Valley Gas shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.
5. This case is closed and removed from the Commission's docket.

¹ Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 13, 2018).

By the Commission

ENTERED
DEC 19 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00409 DATED **DEC 19 2018**

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

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$3.0061	\$2.5341	\$5.5402

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