

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS)
ADJUSTMENT FILING OF B&H GAS COMPANY) CASE NO.
2020-00294

ORDER

On September 16, 2020, B&H Gas Company (B&H) filed its Gas Cost Recovery (GCR) rate report with rates proposed to be effective October 1, 2020. Commission Staff issued a request for information to B&H. On October 4, 2020, B&H filed its response to the Commission Staff's data request. B&H provided revised GCR rate report sheets along with its responses to Commission Staff's request for information. B&H's previous GCR rate was approved in Case No. 2020-00175.¹

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

1. B&H's revised report 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 Oil), an affiliate pursuant to KRS 278.010(18), and for the first time, provided gas cost information and a contract for an additional unaffiliated supplier, Diversified Energy Marketing (Diversified). The Diversified contract reflects an effective date of October 1, 2019.²

¹ Case No. 2020-00175, *Electronic Purchase Gas Adjustment Filing of B & H Gas Company* (Ky. PSC June 24, 2020).

² B&H's Response to Commission Staff's First Request for Information (filed Oct. 4, 2020) Item 7b.

2. B&H's revised report sets out an Expected Gas Cost (EGC) of \$5.2722 per Mcf. In the revised report, B&H did not correctly calculate the total expected cost for B&S Oil by multiplying the Mcf purchased from B&S Oil by B&S Oil's market price rate. This changes the Total Expected Cost of Purchases for the 12 months ended June 30, 2020, from the proposed \$82,848.05 to the corrected \$57,993.10, which includes expected gas cost for Diversified based on the 7 months of invoices to B&H, which were provided with the application. The resulting corrected EGC is \$3.6905 per Mcf, which is an increase of \$.0250 per Mcf from its previous EGC of \$3.6655 per Mcf.

3. B&H's revised report 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 a final adjudication of the appeal.³ 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 current GCR rate.

4. B&H's corrected GCR rate is \$3.6905 per Mcf, which is an increase of \$.0250 per Mcf from its previous GCR of \$3.6655 per Mcf.

5. The rates set forth in the Appendix A to this Order are fair, just and reasonable and should be approved for service rendered by B&H on and after November 1, 2020. B&H did not provide the 30 days' notice required for its rate to be effective October 1, 2020.

³ 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*.

6. Notwithstanding the reasonableness of the rates approved herein, the Commission finds that this case should remain open to investigate the reasonableness of B&H's gas supply arrangements and the appropriateness of its Purchased Gas Cost Adjustment (PGA) Clause Tariff.

7. Should B&H purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

8. The Commission finds that B&H should file responses to the requests for information set forth in Appendix B to this Order by November 11, 2020.

a. Pursuant to the Commission's Orders in Case No. 2020-00085,⁴ issued March 16, 2020, and March 24, 2020, B&H SHALL NOT FILE the original paper copy of all requested information at this time, but rather shall file original paper copies within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

b. Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on

⁴ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. B&H shall make timely amendment to any prior response if it obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which B&H fails or refuses to furnish all or part of the requested information, B&H shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

e. Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

f. When filing a paper containing personal information B&H shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that the personal information cannot be read.

IT IS THEREFORE ORDERED that:

1. The rates proposed by B&H are denied.
2. The rates set forth in the Appendix A to this Order are approved for service rendered on and after November 1, 2020.
3. Within 20 days of the date of entry 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. B&H shall file responses to the requests for information set forth in Appendix B to this Order by November 11, 2020.


5. This case shall remain open until the investigation of B&H's gas supply arrangements and PGA Clause Tariff is closed.

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By the Commission

ENTERED
OCT 27 2020
rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Deputy Executive Director

Case No. 2020-00294

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00294 DATED OCT 27 2020

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	\$3.6905	\$12.1748*
Next 8 Mcf, per Mcf	1.9788	3.6905	5.6693
Next 20 Mcf, per Mcf	1.5611	3.6905	5.2516
Over 30 Mcf, per Mcf	1.3103	3.6905	5.0008

*Charge includes 2 Mcf of natural gas (\$4.7938 + (3.6905 x 2))

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2020-00294 DATED OCT 27 2020

1. Refer to B&H's Response to Commission Staff's First Request for Information (Staff's First Request), Item 7d. Explain why B&H did not provide the natural gas contract with Diversified to the Commission when it was first in effect.

2. Refer to B&H's Response to Staff's First Request, Item 7e.

a. Explain whether B&H considered any other potential gas suppliers in order to address its increased winter gas supply needs. If so, provide details concerning the other suppliers considered.

b. Explain whether B&H's decision to contract with Diversified was based solely on a need to increase its gas supply, or whether it was also an attempt to lower its gas cost to its customers.

c. State whether B&H was unable to supply all of its winter gas needs prior to contracting with Diversified.

d. Explain whether Diversified could provide additional system supply if B&H needed it.

3. State whether B&H would be willing to modify its PGA Clause Tariff to reconcile the under/over-recoveries of gas cost from Diversified by adding an Actual Adjustment and Balance Adjustment to its tariff, similar to that approved for Johnson County Gas Company.

4. Provide a customer billing history report for a random B&H residential customer for each month in the twelve month reporting period ended October 2020.

Redact any personal information from the report, such as customer name, customer address, and any additional identifiable information. The report should be sure to include the monthly usage, the rates billed, and the meter reading dates.

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