COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT) CASE NO. FILING OF VALLEY GAS, INC.) 2021-00093

ORDER

On February 23, 2021, Valley Gas, Inc. (Valley Gas) filed, in accordance with its Purchased Gas Cost Adjustment (PGA) Tariff, its Gas Cost Recovery (GCR) rate report to be effective April 1, 2021. Valley Gas's previous GCR rate was approved in Case No. 2020-00389.1

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

- Valley Gas's GCR report includes a revised rate designed to pass on to its customers its expected change in gas costs.
- 2. Valley Gas's GCR report sets out an Expected Gas Cost (EGC) of \$4.1981 per Mcf. In calculating its current EGC, Valley Gas erroneously used the incorrect sign for the September 2020 inventory storage amount originally reported in Case No. 2020-00389.² Correcting this produces a Total Expected Cost of Purchases amount of \$61,650.60 for the 12-month reporting period of December 31, 2020. Valley Gas's

¹ Case No. 2020-00389, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Dec. 21, 2020).

corrected EGC is \$2.2907 per Mcf, which is a decrease of \$.6881 per Mcf from the previous EGC of \$2.9788 per Mcf.

- 3. Valley Gas's GCR report sets out no Refund Adjustment.
- 4. Valley Gas's GCR report sets out a current quarter Actual Cost Adjustment (ACA) of \$.5821 per Mcf. In calculating its total ACA, Valley Gas erroneously included an incorrect amount of \$.2751 per Mcf for the Second Previous Quarter ACA and an incorrect amount of \$.1539 per Mcf for the Previous Quarter ACA. The correct Second Previous Quarter ACA is \$.2750 per Mcf and the correct Previous Quarter AA is \$.8195 per Mcf. Both were approved in Case No. 2020-00286³ and Case No. 2020-00389,⁴ respectively. Correcting this produces a total ACA of \$.8239 per Mcf, which is an increase of \$.6700 per Mcf from its previous total ACA of \$.1539 per Mcf.
- 5. Valley Gas's corrected GCR rate is \$3.1146 per Mcf, which is a decrease of \$.0181 per Mcf from the previous GCR rate of \$3.1327 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 April 1, 2021.
- 7. Valley Gas's next GCR report should include all invoices received from Constellation Energy for the prior calendar quarter. Valley Gas's future GCR reports should also include the additional information previously provided as a supplemental filing

-2-

³ Case No. 2020-00286, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Sept. 30, 2020).

⁴ Case No. 2020-00389, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Dec. 21, 2020).

on June 13, 2018, in Case No. 2018-00177⁵ as it pertains to the calculation of the future GCR rate.

8. Should Valley Gas 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.

IT IS THEREFORE ORDERED that:

- 1. The rates proposed by Valley Gas are denied.
- 2. The rates set forth in the Appendix to this Order are approved for service rendered on and after April 1, 2021.
- 3. Valley Gas's future GCR reports 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.

⁵ Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 19, 2018).

By the Commission

ENTERED

MAR 31 2021
rcs

KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00093 DATED MAR 31 2021

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:

	Base Rate	Recovery <u>Rate</u>	<u>Total</u>
All Mcf	\$3.0061	\$3.1146	\$6.1207

*Kerry R Kasey Secretary Valley Gas, Inc. 401 S First Street P. O. Box 366 Irvington, KY 40146

*Valley Gas, Inc. 401 S First Street P. O. Box 366 Irvington, KY 40146