

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS	)	CASE NO.
ADJUSTMENT FILING OF SENTRA	)	2021-00279
CORPORATION	)	

ORDER

On June 29, 2021, Sentra Corporation (Sentra) filed its proposed Gas Cost Recovery (GCR) rate report to be effective August 1, 2021. Sentra's previous GCR rate was approved in Case No. 2021-00143.<sup>1</sup>

Sentra's quarter Actual Adjustment (AA) calculation was modified in Case No. 2020-00211<sup>2</sup> to include the collection of the transportation fee charged to Sentra from Clay Gas Utility District. The GCR allows Sentra to recover pipeline transportation cost as part of the GCR report. The transportation fee has been included in previous calculations of Sentra's Expected Gas Cost (EGC) but was omitted from Sentra's previous quarter AAs. Along with its GCR rate report, Sentra provided copies of its invoices verifying the cost paid for its natural gas and for the transportation fee. It appears likely that the omission of the transportation fee in the AA and true up in the Balancing Adjustment (BA) caused the actual total cost of gas to be under reported resulting in an under collection for Sentra.

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<sup>1</sup> Case No. 2021-00143, *Electronic Purchased Gas Adjustment Filing of Sentra Corporation* (Ky. PSC Apr. 26, 2021).

<sup>2</sup> Case No. 2020-00211, *Electronic Purchased Gas Adjustment Filing of Sentra Corporation* (Ky. PSC July 24, 2021).

KRS 278.225 establishes a two year limitation on customer liability for unbilled service. Applying the two-year limitation on recovery of unbilled service, Sentra can recover unbilled service between August 1, 2019, through August 1, 2021, based upon the effective date of the proposed GCR rate of August 1, 2021. The Commission approved GCR rates on August 1, 2019, in Case No. 2019-00098.<sup>3</sup> Using the quarterly AAs and BAs from Sentra's previous GCR rate reports since August 1, 2019, and the transportation cost information provided as supplemental information in Case No. 2020-00211, the Commission is able to calculate the total gas cost under recovery related to the transportation cost.<sup>4</sup> Based on the monthly transportation cost, and the monthly customer sales as reporting through the AA it can be determined that:

Quarter AA of \$.0774 per Mcf and quarter BA of \$.1361 per Mcf, which were set out in Case No. 2019-00098 charged customers a total of \$5,624.79 based on 26,348.20 Mcfs sold during the period the quarters were in effect. Accounting for the cost of transportation shows a corrected amount of \$34,116.80 that should have been collected. Of that total approximately \$28,492.02 is related to uncollected transportation costs.

Quarter AA of (\$.5934) per Mcf and quarter BA of \$.0093 per Mcf, which were set out in Case No. 2019-00371<sup>5</sup> credited customers a total of (\$16,307.89) based on

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<sup>3</sup> Case No. 2019-00098, *Purchased Gas Adjustment Filing of Sentra Corporation* (Ky. PSC July 31, 2019).

<sup>4</sup> The transportation cost was determined by using the transportation fee from the supplier invoices provided which is calculated monthly based on a dth/Mcf rate. This monthly transportation fee was then applied to the monthly cost of gas to determine the true up of gas costs related to each month. The difference was then multiplied by the total Mcfs collected during the period each quarter AA and quarter BA were in effect.

<sup>5</sup> Case No. 2019-00371, *Purchased Gas Adjustment Filing of Sentra Corporation* (Ky. PSC Oct. 29, 2019).

27,918.70 Mcfs sold during the period the quarters were in effect. Accounting for the cost of transportation shows a corrected amount of (\$2,880.69) that should have been credited. Of that total approximately \$13,427.20 is related to uncollected transportation costs.

Quarter AA of (\$.1554) per Mcf and quarter BA of \$.0661 per Mcf, which were set out in Case No. 2019-00465<sup>6</sup> credited customers a total of (\$1,098.91) based on 12,311.90 Mcfs sold during the period the quarters were in effect. Accounting for the cost of transportation shows a corrected amount of \$743.10 that should have been credited. Of that total approximately \$1,842.01 is related to uncollected transportation costs.

Quarter AA of (\$.4570) per Mcf and quarter BA of \$.0381 per Mcf, which were set out in Case No. 2020-00078<sup>7</sup> credited customers a total of (\$12,275.77) based on 29,304.30 Mcfs sold during the period the quarters were in effect. Accounting for the cost of transportation shows a corrected amount of \$1,933.14 that should have been collected. Of that total approximately \$14,208.91 is related to uncollected transportation costs.

Quarter AA of (\$.0875) per Mcf which was modified in Case No. 2020-00211 to replace the previous quarter AA of (\$.1554) per Mcf previously approved in 2019-00465<sup>8</sup>, credited customers a total of (\$1,367.01) based on 15,616.50 Mcfs sold during the period the quarters were in effect. Accounting for the cost of transportation shows a corrected

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<sup>6</sup> Case No. 2019-00465, *Purchased Gas Adjustment Filing of Sentra Corporation* (Ky. PSC Jan. 24, 2020).

<sup>7</sup> Case No. 2020-00078, *Purchased Gas Adjustment Filing of Sentra Corporation* (Ky. PSC Apr. 15, 2020).

<sup>8</sup> Case No. 2020-00211, *Electronic Purchased Gas Adjustment Filing of Sentra Corporation* (filed June 29, 2020). Sentra included in its GCR rate report a letter requesting a correction to approved quarter AA approved in the Commission's January 24, 2020 final Order in Case No. 2019-00465 due to an incorrect EGC being used in the calculation. The Commission issued a corrected previous quarter AA and refunded the over credit of \$715.13 to customers in Case No. 2020-00211 quarter AA.

amount of (\$89.69) that should have been credited. Of that total approximately \$1,277.32 is related to uncollected transportation costs.

Summing the above amounts indicates that approximately \$33,822.67 should have been recovered and that approximately (\$25,424.80) was credited to customers due to the omission of the transportation cost in the AA calculation since August 1, 2019. This results in an under collected total amounting to \$59,247.46 over the previous two year period.

During 2018, 2019, and 2020, Sentra sold 49,505.60 Mcf, 33,881.20 Mcf, and 29,490.80 Mcf to its customers, respectively. Due to the state of emergency caused by COVID-19 in 2020, sales during that period may not be appropriate to use as an approximate estimate when judging future sales volumes. Therefore, the Commission believes that 2019 should be used as a more appropriate base period for setting forth the projected sales volumes. Using 2019 as a base period, it is reasonable to project that Sentra will realize 67,762 Mcf of sales over the next two years. Dividing the \$59,247.46 amount to be recovered by 67,762 Mcf equals a charge of approximately \$.8743 per Mcf. The Commission has examined Sentra's recent GCR rate reports and finds that the amounts had been calculated to be an under collection should be charged through the use of the Refund Adjustment (RA). For simplicity, the Commission will transfer the gas under recovery amounts to be recovered from customers through the RA mechanism, and set Sentra's RA at \$.8700 per Mcf for approximately the next two years. The Commission will track the amount being recovered through this adjustment, and may adjust it in a future GCR proceeding depending on Sentra's actual sales volumes.

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

1. Sentra's report includes revised rates designed to pass on to its customers its expected change in gas costs.

2. Sentra's report sets out an EGC of \$4.9670 per Mcf, which is an increase of \$.9978 per Mcf from its previous EGC of \$3.9692 per Mcf.

3. The Commission finds that Sentra's RA should be set at \$.8700 per Mcf for the next two years or until \$59,247.46 has been recovered through the RA adjustment.

4. Sentra's report sets out a current quarter AA of \$.0328 per Mcf. Sentra's total AA is (\$.1375) per Mcf, which is an increase of \$.0900 per Mcf from its previous total AA of (\$.2275) per Mcf.

5. Sentra's report sets out a current quarter BA of \$.0027 per Mcf. Sentra's total BA is (\$.0818) per Mcf, which is an increase of \$.0027 per Mcf from its previous total BA of (\$.0845) per Mcf.

6. Sentra's GCR rate is \$5.6177 per Mcf, which is an increase of \$1.9605 per Mcf from its previous GCR rate of \$3.6572 per Mcf.

7. The rate set forth in Appendix to this Order is fair, just and reasonable and should be approved for service rendered by Sentra on and after August 1, 2021.

8. For the purpose of transparency and to maintain a record of information for future use the Commission finds that Sentra should continue to submit all invoices it receives, monthly usage reports, and provide the calculations used to justify the NYMEX rate per Dth and the Greystone Adder when it files its future GCR rate reports.

9. Should Sentra 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 rate proposed by Sentra is denied.
2. The rate set forth in the Appendix to this Order is approved for service rendered on and after August 1, 2021.
3. Sentra shall submit all information noted in finding paragraph 8 as part of all future GCR filings.
4. Sentra shall set out its RA as \$.8700 per Mcf for the next two years or until \$59,247.46 has been recovered through the RA adjustment. The Commission will track the amount being recovered through this adjustment, and may adjust it in a future GCR proceeding depending on Sentra's actual sales volumes.
5. Within 20 days of the date of entry of this Order, Sentra 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.
6. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:

  
Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00279 DATED JUL 30 2021

The following rates and charges are prescribed for the customers in the area served by Sentra Corporation. 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.

#### Gas Cost Recovery rate

The Gas Cost Recovery rate shall be \$5.6177 per Mcf for service rendered on and after August 1, 2021.



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