

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS)	CASE NO.
ADJUSTMENT FILING OF BLUEGRASS GAS)	2021-00431
SALES, INC.)	

ORDER

On November 22, 2021, Bluegrass Gas Sales, Inc. (Bluegrass) filed its proposed Gas Cost Recovery (GCR) rate report to be effective January 1, 2022. Bluegrass's previous GCR rate was approved in Case No. 2021-00330.¹

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.²

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

¹ Case No. 2021-00330, *Electronic Purchased Gas Adjustment Filing of Bluegrass Gas Sales, Inc.* (Ky. PSC Sept. 22, 2021).

² KRS 278.274(2); KRS 278.274(3)(c), and KRS 278.274(3)(d).

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

2. Bluegrass's report sets out an Expected Gas Cost (EGC) of \$6.9548 per Mcf, which is an increase of \$1.1765 per Mcf from its previous EGC of \$5.7783 per Mcf.

3. Bluegrass's report sets out no Refund Adjustment.

4. Bluegrass's report sets out a current quarter Actual Cost Adjustment (ACA) of (\$0.0418) per Mcf. In Bluegrass's GCR rate report the Total Sales amount for July, and August 2021 did not use the 5 percent line loss limiter. The Total Sales for each month may not be less than 95 percent of the Total Supply Volumes Purchased for those months.³ Future Bluegrass GCR rate reports should apply the 5 percent line loss limiter to the Total Sales line of the ACA quarter calculation should the aforementioned criteria be met. Additionally, Bluegrass did not use the correct EGC of \$4.7378 per Mcf in effect for July, August, and September 2021 as approved by the Commission in Case No. 2021-00220.⁴ Correcting for the above-mentioned errors produces a current quarter ACA of (\$0.0628) per Mcf. This produces a total ACA of (\$0.0871) per Mcf, which is a decrease of \$0.0438 per Mcf from its previous total ACA of (\$0.0433) per Mcf.

5. Bluegrass's report sets out a current quarter Balance Adjustment (BA) of \$0.0101 per Mcf. Bluegrass's total BA is \$0.0655 per Mcf, which is an increase of \$0.0082 per Mcf from its previous total BA of \$0.0573 per Mcf.

³ For the month of July 2021, a total of 1,591.00 Mcf is reported as Supply Volume Purchased, with an actual sales volume of 565.00 Mcf reported. With the 5 percent line loss limiter applied the Total Sales amount for the Unit Cost of Gas calculation should not have been lower than 1,511.00 Mcf. For the month of August 2021, the Total Sales should not be less than 95 percent of the Total Supply Volumes Purchased of 854.00 Mcf, which is 811.00 Mcf instead of the 673.00 Mcf reported for Total Sales.

⁴ Case No. 2021-00220, *Electronic Purchased Gas Adjustment Filing of Bluegrass Gas Sales, Inc.* (Ky. PSC May 28, 2021).

6. Bluegrass's GCR rate is \$6.9332 per Mcf, which is an increase of \$1.1409 per Mcf from its previous GCR rate of \$5.7923 per Mcf.

7. The rates set forth in the Appendix to this Order are fair, just and reasonable and should be approved for service rendered by Bluegrass on and after January 1, 2022.

8. Should Bluegrass 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 Bluegrass are denied.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after January 1, 2022.
3. Within 20 days of the date of entry of this Order, Bluegrass 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.
4. This case is closed and removed from the Commission's docket.

By the Commission

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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2021-00431

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00431 DATED DEC 16 2021

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

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$5.1416	\$6.9332	\$ 12.0748

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