#### COMMONWEALTH OF KENTUCKY

#### BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

VALLEY GAS, INC. PURCHASED GAS ) CASE NO. ADJUSTMENT FILING ) 2015-00166

#### ORDER

On November 5, 2013, in Case No. 2013-00150,<sup>1</sup> the Commission approved rates for Valley Gas, Inc. ("Valley Gas") and provided for their further adjustment on a quarterly basis in accordance with Valley Gas's Purchased Gas Cost Adjustment clause.

On May 22, 2015, Valley Gas filed its Gas Cost Recovery ("GCR") rate application to be effective July 1, 2015.

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

- Valley Gas's notice includes a revised rate designed to pass on to its customers its expected change in wholesale gas costs.
- Valley Gas's proposed Expected Gas Cost ("EGC") is \$4.0911 per Mcf.
   Valley Gas did not convert its Unit Cost of Gas quoted from its supplier from dekatherms to Mcf. Valley Gas's corrected EGC based on its 1.0067 BTU conversion

<sup>&</sup>lt;sup>1</sup> Case No. 2013-00150, Application of Valley Gas, Inc. for an Alternative Rate Adjustment (Ky. PSC Nov. 5, 2013).

factor from Case No. 2015-00077<sup>2</sup> is \$4.1185 per Mcf, which is a decrease of \$.5449 per Mcf from the previous EGC of \$4.6634 per Mcf.

- 3. Valley Gas's notice sets out no current quarter Refund Adjustment.
- 4. Valley Gas's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$1.1813) per Mcf. Valley Gas did not use the \$5.3572 per Mcf EGC in effect for the months of January through March 2015 in calculating its current quarter ACA. Correcting this produces a current quarter ACA of (\$1.5481) per Mcf based on the Commission's standard practice of limiting line loss recovered through the ACA to 5 percent. The Commission takes note that, as reported in Case No. 2015-00077 and as confirmed in Valley Gas's 2014 Annual Report, its 2014 line loss was 2.7 percent. Based on system line loss of that level, the 30 percent line loss indicated in Valley Gas's ACA calculation is more likely a mis-match between its own billing cycle and that of its natural gas supplier. Using the actual numbers for Mcf volumes purchased and sold, which the Commission finds to be reasonable in this instance, produces a current quarter ACA of (\$1.1921) per Mcf. Valley Gas's corrected total ACA is (\$2.1812) per Mcf, which is a decrease of \$1.5016 per Mcf from its previous total ACA of (\$.6796) per Mcf.
- Valley Gas's corrected GCR rate is \$1.9373 per Mcf, which is a decrease
   of \$2.0465 per Mcf from the previous GCR rate of \$3.9838 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 July 1, 2015.

<sup>&</sup>lt;sup>2</sup> Case No. 2015-00077, Purchased Gas Adjustment Filing of Valley Gas, Inc. (Ky. PSC Mar. 19, 2015).

## 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 July 1, 2015.
- 3. Within 20 days of the date 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.

By the Commission

ENTERED

JUN 2 2; 2015

KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

**Executive Director** 

## **APPENDIX**

# APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2015-00166 DATED JUN 2 2 2015

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 authority of the Commission prior to the effective date of this Order.

## RATES:

**Customer Charge** 

\$15.00

	Base Rate	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
All Mcf	\$3.0061	\$1.9373	\$4.9434

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

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