

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF VALLEY GAS, INC.)	2016-00329

ORDER

On November 5, 2013, in Case No. 2013-00150,¹ 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 September 14, 2016, Valley Gas filed its Gas Cost Recovery ("GCR") rate application to be effective October 1, 2016.

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

1. Valley Gas's notice includes a revised rate designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley Gas's notice proposed an Expected Gas Cost ("EGC") of \$4.5482 per Mcf. On Schedule II, Valley Gas used the incorrect volumes of 31,806 Mcf rather than 30,216 Mcf for its Allowable Mcf Purchases. Correcting this produces an EGC of \$4.3208 per Mcf, which is a decrease of \$.5142 per Mcf from the previous EGC of \$4.8350 per Mcf.

¹ Case No. 2013-00150, *Application of Valley Gas, Inc. for an Alternative Rate Adjustment* (Ky. PSC Nov. 5, 2013).

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 \$.1461 per Mcf. Valley Gas did not use the correct \$5.0254 per Mcf EGC in effect for the months of April, May, and June 2016 in the calculation of its current quarter ACA. Correcting this produces a current quarter ACA of \$.1229 per Mcf. Valley Gas's total ACA is (\$1.1441) per Mcf, which is a decrease of \$.4516 per Mcf from its previous total ACA of (\$.6925) per Mcf.

5. Valley Gas's corrected GCR rate is \$3.1767 per Mcf, which is a decrease of \$.9658 per Mcf from the previous GCR rate of \$4.1425 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 the date of this Order.

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 the date of this Order. Although Valley Gas's GCR rate filing did not provide 30 days' notice to the Commission as required by its tariff, KRS 278.180(2) authorizes the Commission to make a reduction in rates effective in less than 30 days.

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
SEP 30 2016
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2016-00329

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2016-00329 DATED **SEP 30 2016**

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

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$3.0061	\$3.1767	\$6.1828

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

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401 S First Street
P. O. Box 366
Irvington, KY 40146