

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF BURKESVILLE GAS)	CASE NO.
COMPANY, INC.)	2017-00448

ORDER

On October 31, 2008, in Case No. 2008-00032,¹ the Commission approved rates for Burkesville Gas Company, Inc. (“Burkesville”) and provided for their further adjustment on a monthly basis in accordance with Burkesville’s Purchased Gas Cost Adjustment (“GCA”) clause. On June 1, 2013, Burkesville implemented a revision to its GCA clause through the Commission’s tariff filing system to provide for quarterly adjustment of its rates.

On November 27, 2017, Burkesville filed its Gas Cost Recovery (“GCR”) rate application with a proposed effective date of December 27, 2017. On December 18, 2017, Burkesville filed a revised application.

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Burkesville’s revised notice includes revised rates designed to pass on to its customers its expected change in gas costs.

¹ Case No. 2008-00032, *Application of Burkesville Gas Company, Inc. for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities and for an Increase in Certain Nonrecurring Charges* (Ky. PSC Oct. 31, 2008).

2. Burkesville's revised notice sets out an Expected Gas Cost ("EGC") of \$7.6423 per Mcf, which is a decrease of \$.4643 per Mcf from the previous EGC of \$8.1066 per Mcf.

3. Burkesville's revised notice sets out no Refund Adjustment.

4. Burkesville's revised notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.0404) per Mcf. Burkesville erroneously used an incorrect Previous Quarter Reported Actual Adjustment in the calculation of its total ACA. Burkesville's corrected total ACA is (\$.1901) per Mcf, which is a decrease of \$.1064 per Mcf from its previous total ACA of (\$.0837) per Mcf.

In Burkesville's cover letter to its application, it states that during the late fall and early winter, in order to meet increased heating-season demand, Burkesville begins purchasing more gas than it will immediately sell in order to increase the pressure on the transmission line that serves its system. Because of this, Burkesville revised the purchase and sales volume information provided in its GCR application which would otherwise indicate a greater than actual amount of lost-and-unaccounted-for ("L&U") gas. The Commission has reviewed Burkesville's 2016 Annual Report, and notes that it reported L&U gas of 3.9 percent during that time period.²

The Commission recognizes that the GCR limits L&U gas to 5 percent. Given Burkesville's purchasing practice of increasing the pressure in the late fall and early winter, and subsequently decreasing the pressure in the spring, the Commission finds that the calculation of the ACA that is typically required penalizes Burkesville as if it had greater than 5 percent L&U gas. The Commission finds that Burkesville's revised ACA

² See Burkesville's 2016 Annual Report at 37 of 42.

calculation is reasonable given that it reconciles the actual price paid for gas to its supplier with Burkesville's previous gas cost estimate.

5. Burkesville's corrected GCR rate is \$7.4522 per Mcf, which is a decrease of \$.5707 per Mcf from the previous GCR rate of \$8.0229 per Mcf.

6. The rates set forth in the Appendix to this Order are fair, just, and reasonable and should be approved for service rendered by Burkesville on and after December 27, 2017.

IT IS THEREFORE ORDERED that:

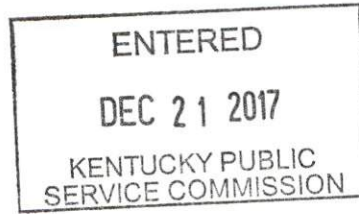
1. The rate proposed by Burkesville is denied.

2. The rates set forth in the Appendix to this Order are approved for service rendered by Burkesville on and after December 27, 2017.

3. Burkesville's proposed revision to the calculation of its ACA is reasonable and is approved.

4. Within 20 days of the date of this Order, Burkesville shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00448 DATED **DEC 21 2017**

The following rates and charges are prescribed for the customers in the area served by Burkesville Gas Company, 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 \$7.50

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Residential	\$7.5400	\$7.4522	\$14.9922
Industrial	\$7.1900	\$7.4522	\$14.6422

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