

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF VALLEY GAS, INC.)	2018-00177

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 (“GCA”) clause.

On June 4, 2018, Valley Gas filed its Gas Cost Recovery (“GCR”) rate application to be effective July 1, 2018. On June 13, 2018, Valley Gas filed a supplement to its GCR application.

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 gas costs.
2. Valley Gas’s notice sets out an Expected Gas Cost (“EGC”) of \$3.5927 per Mcf. Valley Gas did not use the correct sales volumes in the calculation of its EGC. Valley Gas’s corrected EGC is \$4.4631 per Mcf, which is an increase of \$.4311 per Mcf from the previous EGC of \$4.0320 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 Refund Adjustment.
4. Valley Gas's notice sets out a current quarter Actual Cost Adjustment ("ACA") of \$1.0132 per Mcf. Valley Gas did not use the correct Actual Sales volumes for the months of January, February, and March 2018. Furthermore, because the Commission did not enter an Order approving a change in Valley Gas's PGA rates in Case No. 2017-00439,² the Third Previous Quarter ACA of (\$.0233) per Mcf was refunded to customers over 15 months instead of 12 months. This led to Valley Gas refunding \$463.18 more than it should have.³ Correcting this produces a current quarter ACA of (\$1.4058) per Mcf. Valley Gas did not use the correct Second Previous Quarter ACA of \$.0000 per Mcf, or the correct Third Previous Quarter ACA of (\$.2605) per Mcf. Correcting this produces a total ACA of (\$.4000) per Mcf, which is a decrease of \$.7470 per Mcf from its previous total ACA of \$.3470 per Mcf.
5. Valley Gas's corrected GCR rate is \$4.0631 per Mcf, which is a decrease of \$.3159 per Mcf from the previous GCR rate of \$4.3790 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, 2018.

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, 2018. Although Valley Gas's GCR rate filing did not

² Case No. 2017-00439, *Purchased Gas Adjustment of Valley Gas, Inc.* (Ky. PSC Mar. 8, 2018).

³ (\$.0233) per Mcf multiplied by sales volumes for January 2018, through March 2018, totaling 19,879 Mcf equals \$463.18 over-refunded.

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 entry 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.

4. This case is closed and removed from the Commission's docket.

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By the Commission

ENTERED
JUN 19 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2018-00177

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00177 DATED **JUN 19 2018**

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 the 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	\$4.0631	\$7.0692

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