

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF VALLEY GAS, INC.)	2018-00298

ORDER

On August 29, 2018, Valley Gas, Inc. (Valley Gas), filed its Gas Cost Recovery (GCR) rate application to be effective October 1, 2018. Commission Staff issued a request for information to Valley Gas. On October 12, 2018, Valley filed its response to the Commission Staff's request for information. Because the Commission did not enter an Order authorizing a change in rates prior to October 1, 2018, Valley Gas has been billing its customers the rates that were previously approved in Case No. 2018-00177.¹

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 \$4.2094 per Mcf. Valley Gas did not use the correct energy unit conversion for the sales volumes in the calculation of its EGC. Valley Gas's corrected EGC is \$4.3987 per Mcf.
3. Valley Gas's notice sets out no Refund Adjustment.

¹ Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 19, 2018).

4. Valley Gas's notice sets out a current quarter Actual Cost Adjustment (ACA) of (\$.0032) per Mcf. Valley Gas did not use the correct Total Sales Volume purchased or the correct EGC in effect for the months of April, May, and June 2018, in the calculation of its current quarter ACA. Correcting this produces a current quarter ACA of (\$.4436) per Mcf and a total ACA of (\$.5831) per Mcf.

5. Valley Gas's corrected GCR rate is \$3.8156 per Mcf, which is a decrease of \$.2475 per Mcf from the previous GCR rate of \$4.0631 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 November 1, 2018.

7. The Commission notes that while this application was filed to be effective October 1, 2018, the application provided by Valley Gas required additional discovery before rates could be put into effect. In order to ensure that Valley Gas is in compliance with its tariff, Valley Gas should file its next GCR application on or about December 2, 2018, for rates effective for the January 2019 billing cycle.

8. Valley Gas's next GCR application for rates effective January 1, 2018, should include all invoices received from Constellation Energy for July through September 2018. Valley Gas's future GCR applications should also include the additional information previously provided as a supplemental filing on June 13, 2018, in Case No. 2018-00177² as it pertains to the calculation of the future GCR rate.

² Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 13, 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 November 1, 2018.
3. Valley Gas's future GCR applications shall include the information required in finding paragraph 8.
4. Valley Gas shall file its next GCR application with the Commission on or about December 2, 2018, for the calendar quarter of January through March 2019.
5. 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.
6. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00298 DATED **OCT 30 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:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$3.0061	\$3.8156	\$6.8217

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