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June 16, 2022

PARTIES OF RECORD

Re: Case No. 2022-00149

Attached is a copy of a memorandum, which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter.

If you have any questions, please contact Andrew Bowker, Staff Attorney, at 502-782-2580 or andrew.bowker@ky.gov.

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell".

Linda C. Bridwell, P.E.
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2022-00149

FROM: Andrew Bowker, Staff Attorney

DATE: June 16, 2022

RE: Informal Conference of June 9, 2022.

Pursuant to an Order issued on June 3, 2022, a virtual informal conference (IC) was conducted on June 9, 2022, at 10:00 a.m. Eastern Daylight Time. Representatives of Valley Gas, Inc. (Valley Gas) participated in the virtual conference with Commission Staff. Attached is a copy of the attendance roster.

The purpose of the IC was to discuss the Gas Cost Recovery (GCR) mechanism and the storage injection and withdrawal for Valley Gas that may aid in the handling and disposition of the case.

During the IC, Valley Gas explained to Commission Staff the storage situation with their supplier Constellation Energy (Constellation) and the GCR mechanism concerning its special contract industrial customer Mago Construction (Mago). Mago is not charged the GCR rate thus the usage and gas costs related to Mago are removed from Valley Gas's GCR rate calculation. Valley Gas sells the natural gas to Mago but its sole gas supplier Constellation bills Valley Gas for the total usage in addition to transportation costs, reports on the usage thru the City Gate, and manages the storage of natural gas volumes bought by Valley Gas. Past invoices indicated a significantly lower usage through the city gate yet a high amount of natural gas purchased which resulted in a higher than average unit cost of gas. Valley Gas and Staff discussed the reasonableness of Valley Gas's current GCR mechanism as a whole. Valley Gas stated that they felt as though the current GCR calculation methodology accurately reflects the purchased gas cost on a dollar-for-dollar basis and that the mechanism did not need to undergo excessive revisions. Commission Staff and Valley Gas further discussed the Actual Adjustment calculation and it was determined that the injection and storage of natural gas managed by Constellation may not be accurately accounted for in the true up. Valley Gas indicated that it would reach out to Constellation for the monthly storage injection and withdrawal data and file it into the case record as supplemental information.

There being no further discussion, the IC was then adjourned.

cc: Parties of Record

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