

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO VALLEY)	
GAS, INC. FOR AN ALLEGED FAILURE TO)	CASE NO.
COMPLY WITH COMMISSION ORDERS AND)	2023-00331
KRS 278.160)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO VALLEY GAS, INC.

Valley Gas, Inc. (Valley Gas), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on December 15, 2023. The Commission directs Valley Gas to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Valley Gas shall make timely amendment to any prior response if Valley Gas obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Valley Gas fails or refuses to furnish all or part of the requested information, Valley Gas shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Valley Gas shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Valley Gas's response to the Commission's October 26, 2023 Order (Valley Response), pages 2-3, numbered paragraph 4. The response states that the special contract was prepared without the assistance of legal counsel.

a. State whether Valley Gas sought legal counsel during any point of the process of Case No. 2014-00368.²

b. State how often over the past five-year period Valley Gas has sought legal counsel for issues regarding the laws and regulations governed by the Commission.

c. Explain why Valley Gas did not obtain assistance from legal counsel to prepare the amendment to the special contract.

2. Refer to Valley Response, page 3, numbered paragraph 8. Also, refer to Case No. 2014-00368, the Commission's October 28, 2014 final Order³ in regards to the ownership of the pipeline constructed for Valley Gas to service Mago Construction Company (Mago).

a. Confirm whether the pipeline was transferred into Valley Gas's ownership following the line's completion on April 30, 2015.

b. Explain how the transfer of the pipeline was finalized.

3. Refer to Valley Response, page 3, numbered paragraph 10. Explain if Valley Gas or Mago ever contacted Constellation Energy before the execution of the special contract or following the Commission's approval of the special contract in Case No. 2014-00368, to discuss the possibility of Mago purchasing natural gas directly from Constellation Energy rather than purchasing the natural gas from Valley Gas.

4. Refer to Valley Response, page 4, numbered paragraph 13.

a. Describe in full the services Valley Gas provides to Mago.

² Case No. 2014-00368, *Valley Gas, Inc. Request for Approval of a Special Contract with Mago Construction Company and a Deviation from the Gas Cost Adjustment Clause* (filed Oct. 3, 2014).

³ Case No. 2014-00368, Oct. 28, 2014 final Order.

b. Provide an itemized breakdown of Valley Gas's actual annual costs of providing the services to Mago that are included in the \$489 per month customer charge.

5. Refer to Valley Response, page 4, numbered paragraph 13. Also, refer to Case No. 2014-00368, the Special Contract.⁴ Explain why the cost associated with the meter required to serve Mago were not assessed during the special contract negotiations with Mago.

6. Refer to Valley Response, page 4, numbered paragraph 15. State whether Valley Gas is aware of any violations of KRS 278.160 that may have occurred during the last five-year period.

7. Refer to Valley Response, page 5, numbered paragraph 15. Also, refer to Valley Response, page 7, numbered paragraph 23. Valley Gas states that, "its officers were unaware of the requirements of KRS 278.160 and would have complied with that statute had they been aware of its requirements." Explain in detail the steps Valley Gas is taking to ensure that its officers are aware and in compliance with all applicable laws and regulatory requirements of the Commission.

8. Refer to Case No. 2014-00368, the Commission's October 28, 2014 final Order, page 6, items 10 and 11.⁵ Confirm that Valley Gas was able to meet all applicable requirements for safety standards for construction and operation as directed in the Commission's Order.

⁴ Case No. 2014-00368, (filed Oct. 3, 2014), Application.

⁵ Case No. 2014-00368, Oct. 28, 2014 final Order.

9. Confirm whether all rates and charges included in Valley Gas's current tariff on file with the Commission include the correct rates and charges being billed to Valley Gas customers.

10. Provide the monthly usage reports for Mago for the years 2018, 2019, 2020, 2021, 2022, and 2023 year to date.

11. Provide the monthly billing Valley Gas charged to Mago for the years 2018, 2019, 2020, 2021, 2022, and 2023 year to date.

12. Provide the monthly usage reports for Valley Gas residential and commercial customers for the years 2018, 2019, 2020, 2021, 2022, and 2023 year to date.

13. Provide the cost and volume in Mcf of natural gas purchased by Valley Gas for each month for the years 2018, 2019, 2020, 2021, 2022, and 2023 year to date.

14. Confirm whether Valley Gas has been charging the Commission-approved Gas Cost Recovery (GCR) rates to its customers since 2018. If not, provide the instances in which Valley Gas failed to charge the Commission approved GCR rate, what GCR rate was instead charged, and when the incorrect GCR rate was applied.

15. Refer to Valley Gas' Purchased Gas Cost Adjustment Clause tariff.⁶ The tariff states, "The GCR shall become effective for billing for service rendered on or after the first day of each calendar quarter". For an example, assume the Commission approved a GCR rate with an effective date of January 1, 2024. Explain if Valley Gas applies the Commission approved GCR rate to customer billings received on or around

⁶ P.S.C. KY No. 1 at unnumbered p. 25 (issued June 1, 1991), effective July 1, 1991.

January 1, 2024, or if Valley Gas applies the Commission approved GCR rate to customer usage metered on and after January 1, 2024.



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DATED NOV 30 2023

cc: Parties of Record

Case No. 2023-00331

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