

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
JOHNSON COUNTY GAS COMPANY, INC.) 2019-00312

ORDER

On September 4, 2019, Johnson County Gas Company, Inc. (Johnson County) filed its proposed Gas Cost Recovery (GCR) rate report to be effective October 1, 2019. The last GCR rate for Johnson County was approved by the Commission in Case No. 2012-00542¹ for an effective date of January 30, 2013. Johnson County has been charging this GCR rate to its customers since the January 2013 effective date. This filing is in response to the Commission's directive in Case No. 2019-00056² for Johnson County to begin filing its quarterly GCR rate reports no later than September 30, 2019. Johnson County responded to three sets of requests for information from Commission Staff. The initial GCR report for Johnson County has been updated to reflect a reporting period of December 31, 2019, for rates effective July 1, 2020, pursuant to the calendar quarters set forth in Johnson County's Gas Cost Adjustment Clause Tariff. After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

¹ Case No. 2012-00542, *Purchased Gas Adjustment Filing Of Johnson County Gas Company* (Ky. PSC Jan. 30, 2013).

² Case No. 2019-00056, *Electronic Investigation of Johnson County Gas Company, Inc. and Bud Rife, Individually And As An Officer Of Johnson County Gas Company, Inc. Alleged Violation Of KRS 278.300, A Commission Order, And A Tariff* (Ky. PSC Aug. 19, 2019).

1. Johnson County's report includes revised rates designed to pass on to its customers its expected change in gas costs.

2. Johnson County's initial GCR report sets out an Expected Gas Cost (EGC) of \$5.5698 per Mcf. The actual Mcf purchases and sales for 12 months ended December 31, 2019, reflect a purchase amount of 12,553 Mcf and a sales amount of 12,048 Mcf.³ These totals have been reconciled with invoices provided by Johnson County.⁴ This produces a total expected cost of purchases for the 12 months ended December 31, 2019, to be \$67,336.49. Johnson County's corrected EGC is \$5.5890 per Mcf, which is a decrease of \$.3419 per Mcf from its previous EGC of \$5.9309 per Mcf.

3. Johnson County's report sets out no Refund Adjustment.

4. Johnson County's report sets out a current quarter Actual Cost Adjustment (ACA) of (\$.8442) per Mcf. Due to the long period of no gas cost recovery for Johnson County's customers, the current quarter ACA has been set to reconcile the difference in gas costs for the 12 months ended December 31, 2019, instead of the typical three months in order to capture the full true up in the expected versus actual cost of natural gas for the period under review. The Supply Volumes Purchased, the Cost of Volumes Purchased, and the Actual and Total Sales have been updated to reflect the 12 months ended December 31, 2019, and have been reconciled with invoices provided by Johnson County in its responses to Commission Staff's Requests for Information.⁵ Johnson

³ Johnson County's response to Commission Staff's Third Request for Information (Staff's Third Request) Items 4,5,6, and 7.

⁴ Johnson County's response to Commission Staff's First Request for Information, Items 2, 3, 7, and 9; Johnson County's response to Commission Staff's Second Request for Information, Item 2 and 11; and Johnson County's response Staff's Third Request, Items 5,6, and 7.

⁵ *Id.*

County did not use the correct EGC of \$5.9309 per Mcf approved in Case No. 2012-00542⁶ in the calculation of its current quarter ACA; instead, Johnson County erroneously used the GCR rate of \$6.4140 per Mcf. Correcting this produces a current quarter ACA of (\$1.0414) per Mcf. Due to the last Commission-approved change in rates becoming effective on January 30, 2013, Johnson County's Previous Quarter, Second Previous Quarter, and Third Previous Quarter ACA are set at \$.0000 per Mcf as they have since expired for the period under review. Johnson County's corrected total ACA is (\$1.0414) per Mcf, which is a decrease of \$1.5245 per Mcf from its previous total ACA of \$.4831 per Mcf.

5. Johnson County's corrected GCR rate is \$4.5476 per Mcf, which is a decrease of \$1.8664 per Mcf from its previous GCR rate \$6.4140 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 Johnson County on and after July 1, 2020.

7. To aid in the Commission's review of Johnson County's GCR reports, Johnson County should continue to submit all invoices it receives from its suppliers when it files its GCR rate reports. Johnson County should also notice the Commission should there be any changes to the natural gas contracts Johnson County has with its suppliers.

8. Should Johnson County purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports then the supplier, cost, and amount must be documented in its cover letter to the Commission.

⁶ Case No. 2012-00542, *Purchased Gas Adjustment Filing Of Johnson County Gas Company* (Ky. PSC Jan. 30, 2013).

IT IS THEREFORE ORDERED that:

1. The rates proposed by Johnson County are denied.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after July 1, 2020.
3. Johnson County shall submit all invoices received from its suppliers as part of all future GCR filings and shall notify the Commission should there be any changes in its natural gas contracts with its suppliers.
4. Within 20 days of the date of entry of this Order, Johnson County 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 it was approved pursuant to this Order.
5. This case is closed and removed from the Commission's docket.

By the Commission

ENTERED
JUN 26 2020 rCS
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00312 DATED JUN 26 2020

The following rates and charges are prescribed for the customers in the area served by Johnson County Gas Company, 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:

Residential and Commercial

<u>Monthly</u>	<u>Base Rate</u>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
All Mcf	\$8.6000	\$4.5476	\$ 13.1476

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