

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
B&H GAS COMPANY) 2019-00061

ORDER

On February 22, 2019, B&H Gas Company (B&H) filed in accordance with its Purchased Gas Cost Adjustment Tariff, its Gas Cost Recovery (GCR) rate report with rates proposed to be effective April 1, 2019.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. B&H's GCR report includes revised rates designed to pass on to its customers its expected change in wholesale gas costs from its supplier B&S Oil & Gas Company (B&S), an affiliate pursuant to KRS 278.010(18).

2. B&H's GCR report sets out an Expected Gas Cost (EGC) of \$5.5156 per Mcf. B&H did not follow the Commission's methodology for setting B&S's market price to B&H as required in Case No. 2015-00367¹ when it calculated its EGC. B&H failed to use the total billing IUS rate from Columbia Gas of Kentucky, Inc., and the EGC from Peoples Gas KY, LLC, most recent GCR rate GCR report in its rate calculation. B&H's corrected EGC is \$6.6975 per Mcf.

¹ Case No. 2015-00367, *An Investigation of the Gas Costs of B&H Gas Company Pursuant to KRS 278.2207 and the Wholesale Gas Price It is Charged by Its Affiliate, B&S Oil and Gas Company, Pursuant to KRS 278.274* (Ky. PSC May 4, 2017).

3. B&H's GCR report sets out no Refund Adjustment (RA) as B&H has appealed the Commission's Orders in Case No. 2015-00367 to Franklin Circuit Court, and moved the Circuit Court to temporarily enjoin the RA from going into effect pending final adjudication of the appeal.² On September 19, 2017, the Franklin Circuit Court granted a temporary injunction, staying the implementation of the (\$3.0000) per Mcf RA pending final adjudication of B&H's appeal of the Commission's final Order in Case No. 2015-00367. Accordingly, the RA will not be included in B&H's April 1, 2019 GCR rate.

4. B&H's corrected GCR rate is \$6.6975 per Mcf, which is an increase of \$.3060 per Mcf from its previous GCR rate of \$6.3915 per Mcf.

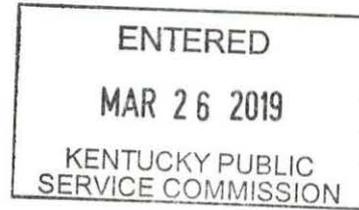
5. The rates set forth in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by B&H on and after April 1, 2019.

IT IS THEREFORE ORDERED that:

1. The rates proposed by B&H are denied.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after April 1, 2019.
3. Within 20 days of the date of this Order, B&H 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 they were approved pursuant to this Order.
4. This case is closed and removed from the Commission's docket.

² Franklin Circuit Court, Case No. 17-CI-722, *B&H Gas Company and B&S Oil and Gas Company v. Kentucky Public Service Commission and Attorney General of the Commonwealth of Kentucky, By and Through His Office of Rate Intervention*.

By the Commission



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2019-00061 DATED **MAR 26 2019**

The following rates and charges are prescribed for the customers served by B&H Gas Company. 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.

RETAIL RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 2 Mcf	\$4.7938	\$6.6975	\$18.1888*
Next 8 Mcf, per Mcf	1.9788	6.6975	8.6763
Next 20 Mcf, per Mcf	1.5611	6.6975	8.2586
Over 30 Mcf, per Mcf	1.3103	6.6975	8.0078

*Charge includes 2 Mcf of natural gas ($\$4.7938 + (6.6975 \times 2)$)

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