

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT	)	CASE NO.
FILING OF VALLEY GAS, INC.	)	2019-00203

ORDER

On June 13, 2019, Valley Gas, Inc. (Valley Gas), filed, in accordance with its Purchased Gas Cost Adjustment Tariff, its Gas Cost Recovery (GCR) rate report to be effective July 1, 2019.

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

1. Valley Gas's GCR report includes a revised rate designed to pass on to its customers its expected change in gas costs.
2. Valley Gas's GCR report sets out an Expected Gas Cost (EGC) of \$4.0000 per Mcf. Valley Gas did not use the correct sales and purchase volumes in the calculation of its EGC. Valley Gas's report notes a sales volume for the twelve months ended March 31, 2019, to be 44,337.86 Mcf. Due to the special contract with its only industrial customer, Mago Construction Company (Mago), Valley Gas should use the total residential and commercial usage in the calculation of its EGC.<sup>1</sup> Valley Gas's total residential and commercial sales volume for the twelve months ended March 31, 2019, is 33,736.00 Mcf. Valley Gas also did not use the correct purchase volumes for Mago of

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<sup>1</sup> 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* (Ky. PSC Oct 28, 2014).

(10,602) Dth for the twelve months ended March 31, 2019. Valley Gas's corrected EGC is \$4.1299 per Mcf, which is a decrease of \$.3243 per Mcf from the previous EGC of \$4.4542 per Mcf.

3. Valley Gas's GCR report sets out no Refund Adjustment.

4. Valley Gas's GCR report sets out a current quarter Actual Cost Adjustment (ACA) of (\$.4572) per Mcf. Valley Gas did not use the correct EGC in effect for the months of January, February, and March 2019 in the calculation of its current quarter ACA. Correcting this produces a current quarter ACA of (\$.0911) per Mcf. Valley Gas's total ACA is (\$.1993) per Mcf, which is an increase of \$1.3147 per Mcf from its previous total ACA of (\$1.5140) per Mcf.

5. Valley Gas's corrected GCR rate is \$3.9306 per Mcf, which is an increase of \$.9904 per Mcf from the previous GCR rate of \$2.9402 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 July 13, 2019. Valley Gas did not provide at least 30 days' notice required for its rates to be effective July 1, 2019.<sup>2</sup>

7. Valley Gas's next GCR report should include all invoices received from Constellation Energy for the prior calendar quarter. Valley Gas's future GCR reports should also include the additional information previously provided as a supplemental filing on June 13, 2018, in Case No. 2018-00177<sup>3</sup> as it pertains to the calculation of the future GCR rate.

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<sup>2</sup> See KRS 278.180(1).

<sup>3</sup> Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Jun 13, 2018).

8. In this and previous GCR reports, Valley Gas made repeated errors and omissions that impact timely and accurate processing of its filings. The Commission finds that Valley Gas should conduct a careful and thorough review to minimize any potential errors in its future GCR reports. Failure to minimize errors in future filings may adversely affect the timely processing of Valley Gas's GCR reports.

9. Valley Gas has repeatedly failed to provide at least 30 days' notice in this and in previous GCR reports pursuant to its Purchased Gas Cost Adjustment Clause Tariff. The Commission finds that Valley Gas should make a conscious effort to file its future GCR reports in a timely and consistent manner. Failure to do so may result in an investigation due to failing to comply with its Tariff.

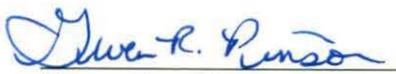
IT IS THEREFORE ORDERED that:

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 July 13, 2019.
3. Valley Gas's future GCR reports shall include the information required in finding paragraph 7.
4. 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.
5. This case is closed and removed from the Commission's docket.

By the Commission

ENTERED  
JUL 02 2019  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

Case No. 2019-00203

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2019-00203 DATED **JUL 02 2019**

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	\$3.9306	\$6.9367

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