

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING) CASE NO.
OF VALLEY GAS, INC.) 2019-00344

ORDER

On September 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 October 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 \$5.0945 per Mcf, which is an increase of \$.9646 per Mcf from the previous EGC of \$4.1299 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 \$.1079 per Mcf. Valley Gas did not use the correct EGC of \$4.4542 in effect for the months of April, May, and June 2019 approved in Case No. 2019-00094, in the calculation of its current quarter ACA.¹ Correcting this produces a current quarter ACA

¹ Case No. 2019-00094, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Apr. 9, 2019).

of \$.0539 per Mcf. In calculating its total ACA, Valley Gas failed to include the previous quarter ACA of (\$.0911) per Mcf that was approved in Case No. 2019-00203.² Correcting this produces a total ACA of \$.2982 per Mcf, which is an increase of \$.4975 per Mcf from its previous total ACA of (\$.1993) per Mcf.

5. Valley Gas's corrected GCR rate is \$5.3927 per Mcf, which is an increase of \$1.4621 per Mcf from the previous GCR rate of \$3.9306 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 October 13, 2019. Valley Gas did not provide at least 30 days' notice required for its rates to be effective October 1, 2019.

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. 2018-00177³ as it pertains to the calculation of the future GCR rate.

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.

² Case No. 2019-00203, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 2, 2019).

³ Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 13, 2018).

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 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.

10. Should Valley Gas 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.

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 October 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
OCT 07 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00344 DATED **OCT 07 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	\$5.3927	\$8.3988

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