

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF VALLEY GAS, INC.))	CASE NO. 2020-00065
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ORDER

On March 2, 2020, 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 April 1, 2020.

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 \$4.2080 per Mcf. Valley Gas did not use the most current Mcf Rate in the calculation of its EGC. Valley Gas also did not use the correct sales volume for the twelve months ended December 31, 2019, of 32,548 Mcf. Valley Gas's corrected EGC is \$3.2536, which is a decrease of \$.9328 per Mcf from the previous EGC of \$4.1864 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 (\$.2386) per Mcf. Valley Gas did not use the correct actual sales during the month of October 2019. Due to the special contract with its only industrial customer,

Mago Construction Company, Valley Gas should use the total residential and commercial usage for the actual sales in the calculation of its quarter ACA. Valley Gas also did not use the correct sales volume for the twelve months ended December 31, 2019, of 32,548 Mcf. Correcting this produces a current quarter ACA of (\$.0879) per Mcf. In calculating its total ACA, Valley Gas failed to include the previous quarter ACA of \$.2934 per Mcf that was approved in Case No. 2019-00431.¹ This produces a corrected total ACA of \$.1683 per Mcf, which is a decrease of \$.5155 per Mcf from its previous total ACA of \$.6838 per Mcf.

5. Valley Gas's corrected GCR rate is \$3.4219 per Mcf, which is a decrease of \$1.4483 per Mcf from the previous GCR rate of \$4.8702 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 April 1, 2020.

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. 2018-00177² 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

¹ Case No. 2019-00431, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Dec. 20, 2019).

² Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 13, 2018).

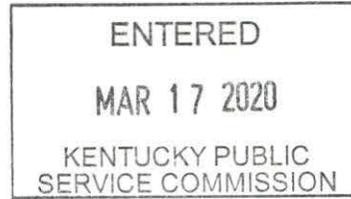
errors in its future GCR reports. Failure to minimize errors in future filings may adversely affect the timely processing of Valley Gas's GCR reports.

9. 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 April 1, 2020.
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



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00065 DATED **MAR 17 2020**

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	\$3.4219	\$6.4280

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