

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS)	CASE NO.
ADJUSTMENT FILING OF JOHNSON)	2020-00341
COUNTY GAS COMPANY, INC)	

ORDER

On October 21, 2020, Johnson County Gas Company, Inc. (Johnson County) filed its proposed Gas Cost Recovery (GCR) rate report to be effective December 1, 2020. Johnson County's previous GCR rate was approved in Case No. 2019-00312.¹

Pursuant to Johnson County's Gas Cost Adjustment Clause Tariff, its GCR rate report is to be filed at least 30 days prior to the first day of each calendar quarter. Each calendar quarter is defined as January, February, and March; April, May, and June; July, August, and September; and October, November and December. Johnson County should have filed a GCR rate report for rates effective for its October billing cycle in September 2020. In its cover letter, Johnson County states that it realizes that its GCR rate report is late and asks for consideration due to difficulties acquiring invoices from its suppliers. The Commission finds that the GCR rate in the current report should instead be pushed out to an effective date of January 1, 2021, pursuant to Johnson County's Tariff. The Commission also finds that the current GCR rate report should be extended from a 12-month reporting period of June 30, 2020, to a 12-month reporting period of September 30, 2020, in order to incorporate the months previously missed for gas cost

¹ Case No. 2019-00312, *Purchased Gas Adjustment Filing of Johnson County Gas Company, Inc.* (Ky. PSC June 26, 2020).

recovery. Commission Staff issued a request for information to Johnson County. On December 3, 2020, Johnson County filed its response to the Commission Staff's First Request for Information (Staff's First Request).

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

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 \$5.7868 per Mcf. The actual Mcf purchases and sales for the 12 months ended September 30, 2020, reflect a purchase amount of 11,327 Mcf and a sales amount of 11,827 Mcf. These totals have been reconciled with invoices provided by Johnson County in its responses to Staff's First Request.² This produces a total expected cost of purchases for the 12 months ended September 30, 2020, to be \$63,551.38. Johnson County's corrected EGC is \$5.3734 per Mcf, which is a decrease of \$.2156 per Mcf from its previous EGC of \$5.5890 per Mcf.

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

4. Johnson County's initial report sets out a current quarter Actual Cost Adjustment (ACA) of (\$.0225) per Mcf. Due to Johnson County not filing its GCR rate report for rates effective for the October 2020 billing cycle the current quarter ACA has been updated to include the months of July, August, and September 2020 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

² Johnson County's Response to Staff's First Request (filed Dec. 3, 2020), Item 4.

Total Sales have been updated to reflect the additional months and the months already included for true up in the initial GCR rate report.³ These totals have been reconciled with invoices provided by Johnson County in its responses to Staff's First Request.⁴ In Johnson County's initial GCR rate report the "/ Total Sales*" calculation for February, March, and May 2020 did not use the 5 percent line loss limiter.⁵ The "/ Total Sales *" for each month may not be less than 95 percent of the Total Supply Volumes purchased for that month. Future Johnson County's GCR rate reports should apply the 5 percent line loss limiter to the "/ Total Sales*" line of the ACA calculation should the aforementioned criteria be met. Correcting this produces a current quarter ACA of (\$.1037) per Mcf.

Due to Johnson County not filing its GCR rate report for rates effective for the October 2020 billing cycle, the previously approved quarter ACA of (\$1.0414) per Mcf should be the Second Previous ACA Quarter and will expire when Johnson County files its GCR rate report for rates effective for the July 2021 billing cycle. The Previous ACA Quarter and Third Previous ACA Quarter should be set to \$.0000 per Mcf. Johnson County's total ACA is (\$1.1451) per Mcf, which is a decrease of \$.1037 per Mcf from its previous total ACA of (\$1.0414) per Mcf.

5. Johnson County's corrected GCR rate is \$4.2283 per Mcf, which is a decrease of \$.3193 per Mcf from its previous GCR rate \$4.5476 per Mcf.

³ The current quarter ACA approved in Case No. 2019-00312 included the 12 months ended December 31, 2019. The ACA quarter was updated to capture gas cost true up for the months between December 31, 2019 and September 30, 2020.

⁴ Johnson County's Response to Staff's First Request (filed Dec. 3, 2020), Items 4 and 6.

⁵ *Id.*, Items 2(a) and 2(b).

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 January 1, 2021.

7. Johnson County should file its next GCR rate report for rates effective April 1, 2021, approximately March 2021 with at least 30 days' notice as pursuant to Johnson County's Gas Cost Adjustment Clause Tariff. Johnson County's next GCR should use December 31, 2020, as the reporting period with the months of October, November, and December 2020 trued-up in the current quarter ACA.

8. 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.

9. 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.

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 January 1, 2021.
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. Johnson County shall follow the information in finding paragraph 7 as to be sure that its next GCR rate report is filed in a timely manner.

5. 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 rate approved herein and reflecting that it was approved pursuant to this Order.

6. This case is closed and removed from the Commission's docket.

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By the Commission



ATTEST:



Linda C. Lindwell
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00341 DATED DEC 22 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>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$8.6000	\$4.2283	\$ 12.8283

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