

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT) CASE NO.
FILING OF B&H GAS COMPANY) 2020-00381

ORDER

On November 24, 2020, B&H Gas Company (B&H) filed its Gas Cost Recovery (GCR) rate report with rates proposed to be effective January 1, 2021. B&H's previous GCR rate was approved in Case No. 2020-00294.¹

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

1. B&H's revised 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 Oil), an affiliate pursuant to KRS 278.010(18). Along with its GCR rate report, B&H provided supplier invoices from Diversified Energy Marketing (Diversified). The Commission is currently investigating B&H's Purchase Gas Cost Adjustment (PGA) Clause Tariff as part of Case No. 2020-00294.²

2. B&H's revised report sets out an Expected Gas Cost (EGC) of \$5.2144 per Mcf. B&H did not use the most recent Peoples Gas KY, LLC GCR rate report in Case

¹ Case No. 2020-00294, *Electronic Purchase Gas Adjustment Filing of B&H Gas Company* (Ky. PSC Oct. 27, 2020).

² *Id.*

No. 2020-00301³ when calculating the Commission approved methodology for setting B&S's market price to B&H as required in Case No. 2015-00367.⁴ Correcting this produces a B&S Market price to B&H of \$5.3812 per Mcf. This changes the Total Expected Cost of Purchases for the 12 months ended September 30, 2020 from the proposed \$82,867.57 to the corrected \$87,321.14. B&H's corrected EGC is \$5.4947 per Mcf, which is an increase of \$1.8042 per Mcf from its previous EGC of \$3.6905 per Mcf.

3. B&H's revised 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 a final adjudication of the appeal.⁵ 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 January 2021 GCR rate.

5. B&H's corrected GCR rate is \$5.4947 per Mcf, which is an increase of \$1.8042 per Mcf from its previous GCR of \$3.6905 per Mcf.

6. 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 January 1, 2021.

³ Case No. 2020-00301, *Electronic Purchased Gas Adjustment Filing of Peoples Gas KY, LLC* (Ky. PSC Oct. 27, 2020).

⁴ 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).

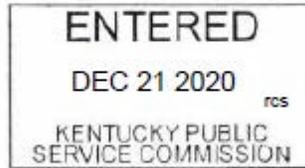
⁵ Franklin Circuit Court, Case No. 17-CI-722, *B&H Gas Company and B&S Oil and Gas Company v. Kentucky Public Service Commission and Attorney General of the Commonwealth of Kentucky, By and Through His Office of Rate Intervention*.

7. Should B&H 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 B&H 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. Within 20 days of the date of entry 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.

By the Commission



ATTEST:

A handwritten signature in blue ink that reads "Linda C. Bidwell". The signature is written in a cursive style and is positioned above a horizontal line.

Executive Director

Case No. 2020-00381

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00381 DATED DEC 21 2020

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	\$5.4947	\$15.7832*
Next 8 Mcf, per Mcf	1.9788	5.4947	7.4735
Next 20 Mcf, per Mcf	1.5611	5.4947	7.0558
Over 30 Mcf, per Mcf	1.3103	5.4947	6.8050

*Charge includes 2 Mcf of natural gas (\$4.7938 + (5.4947 x 2))

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