

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF VALLEY GAS, INC.)	2022-00303

ORDER

On August 30, 2022, Valley Gas, Inc. (Valley Gas) filed, in accordance with its Purchased Gas Cost Adjustment (PGA) Tariff, its Gas Cost Recovery (GCR) rate report to be effective October 1, 2022. Valley Gas's previous GCR rate was approved in Case No. 2022-00149.¹

LEGAL STANDARD

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.²

¹ Case No. 2022-00149, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 30, 2022).

² KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

DISCUSSION

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that Valley Gas's GCR report includes a revised rate designed to pass on to its customers its expected change in gas costs. Valley Gas's GCR report sets out an Expected Gas Cost (EGC) of \$5.6651 per Mcf, which is an increase of \$1.4464 per Mcf from the previous EGC of \$4.2187 per Mcf. Valley Gas's GCR report sets out no Refund Adjustment. Valley Gas's GCR report sets out a current quarter Actual Cost Adjustment (ACA) of (\$0.0819) per Mcf. Due to a spreadsheet rounding error, Valley Gas erroneously set out an incorrect total ACA amount of \$0.8635 per Mcf. Valley Gas's corrected total ACA is \$0.8625 per Mcf, which is a decrease of \$0.4855 per Mcf from the previous total ACA of \$1.3480 per Mcf.

Based on the calculations above, the Commission finds that Valley Gas's corrected GCR rate is \$6.5276 per Mcf, which is an increase of \$0.9609 per Mcf from the previous GCR rate of \$5.5667 per Mcf. The Commission further finds that the rate set forth in the Appendix to this Order is fair, just, and reasonable and shall be approved for service rendered by Valley Gas on and after October 1, 2022.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Valley Gas shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. Valley Gas's future GCR reports shall also include the additional data 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 along with the monthly storage injection and withdrawal information from Constellation Energy (Constellation). 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 are approved for service rendered on and after October 1, 2022.
3. Valley Gas shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.
4. Within 20 days of the date of service 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.

³ Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 19, 2018).

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00303 DATED SEP 27 2022

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	\$6.5276	\$9.5337

*Cova Haynes
Valley Gas, Inc.
401 S First Street
P. O. Box 366
Irvington, KY 40146

*Kerry R Kasey
President
Valley Gas, Inc.
401 S First Street
P. O. Box 366
Irvington, KY 40146

*Valley Gas, Inc.
401 S First Street
P. O. Box 366
Irvington, KY 40146