

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS)	CASE NO.
ADJUSTMENT FILING OF DELTA NATURAL)	2022-00326
GAS COMPANY, INC.)	

ORDER

On September 22, 2022, Delta Natural Gas Company, Inc. (Delta) filed its proposed unified Gas Cost Recovery (GCR) rate report to be effective October 24, 2022. On February 22, 2021, the transfer of ownership of Peoples Gas KY, LLC (Peoples) to Delta was consummated following the closing of Case No. 2020-00346.¹ Delta's previous consolidated GCR rate was approved in Case No. 2022-00191².

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

¹ Case No. 2020-00346, *Electronic Application of Essential Utilities, Inc., PNG Companies LLC, Peoples Gas KY LLC, And Delta Natural Gas Company, Inc. For (1) A Declaratory Order and (2) Increase in Rates for Peoples Gas KY LLC* (Ky. PSC Feb. 22, 2021).

² Case No. 2022-00191, *Electronic Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc.* (Ky. PSC July 22, 2022).

rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.³

DISCUSSION

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that Delta's unified GCR report includes revised rates designed to pass on to its customers its expected change in gas costs. Delta's unified GCR report sets out an Expected Gas Cost (EGC) of \$7.7232 per Mcf, which is a decrease of \$4.2324 per Mcf from the previous EGC of \$11.9556 per Mcf. The unified GCR report is to include only the combined system's EGC rate in the calculation of the GCR rate. The subsequent Actual Cost Adjustment (ACA) and Balancing Adjustment (BA) will be implemented in future unified GCR filings. Delta's ACA will continue to be unavailable until it files its GCR rate report for rates effective around February 2023 and Delta's BA will continue to be unavailable until its first unified ACA quarter expires. Delta's unified GCR report sets out no Refund Adjustment.

Based upon the calculations above, the Commission finds that Delta's unified GCR rate is \$7.7232 per Mcf, which is a decrease of \$4.2324 per Mcf from the previous GCR of \$11.9556 per Mcf. Any over or under recovery of actual gas costs will be trued-up when the unified EGC rate is rolled into the unified ACA quarter calculation. The Commission further finds that the rate set forth in the Appendix to this Order is fair, just and reasonable, and should be approved for service rendered by Delta on and after October 24, 2022.

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

The Commission finds that for the purpose of transparency and to maintain a record of information for future use, Delta 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. Should Delta 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 Delta and set forth in the Appendix to this Order are approved for service rendered on and after October 24, 2022.
2. Delta 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.
3. Within 20 days of the date of service of this Order, Delta 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.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ENTERED
OCT 21 2022 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00326 DATED OCT 21 2022

The following rates and charges are prescribed for the customers in the area served by Delta Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

Gas Cost Recovery rate

The Gas Cost Recovery rate shall be \$7.7232 per Mcf for service rendered on and after October 24, 2022.

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