

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF VALLEY GAS,)	
INC. OF AN AMENDMENT TO A SPECIAL)	CASE NO.
CONTRACT WITH MAGO CONSTRUCTION)	2023-00402
COMPANY)	

ORDER

On February 26, 2024, Valley Gas, Inc. (Valley Gas) filed a motion to withdraw “Amendment No. 1 to Mago Agreement” (Amendment No. 1) and gave notice of its filing of “Amendment No. 2 to Mago Agreement” (Amendment No. 2) via the electronic tariff filing system.¹ Per Amendment No. 2, Valley Gas sought to make this filing effective 30 days from the filing, which would be March 27, 2024. This matter was established by Commission Order dated December 8, 2023, to investigate the reasonableness of Valley Gas’ special contract Amendment No. 1 with Mago Construction.

Having reviewed the record and filings, the Commission finds that the motion to withdraw Amendment No. 1 should be granted. The Commission finds that Amendment No. 2 should be reviewed for reasonableness in the present matter. The Commission further finds that Amendment No. 2 should be suspended while the Commission reviews its reasonableness.

The Commission also finds that a new procedural schedule should be established to review the reasonableness of the proposed Amendment No. 2. The procedural

¹ TFS 2024-00078 (filed Feb. 26, 2024).

schedule is attached as Appendix A to this Order. Amendment 2 is attached as Appendix B to this Order.

IT IS THEREFORE ORDERED that:

1. Valley Gas' motion to withdraw Amendment No. 1 is granted.
2. This matter shall remain open to investigate the reasonableness of Amendment No. 2.
3. Valley Gas' proposed Amendment No. 2 is suspended for five months from Valley Gas' stated effective date March 27, 2024, up to and including August 27, 2024.
4. All other provisions of Commission Order dated December 8, 2023, shall remain in effect.

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PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00402 DATED MAR 15 2024

Commission Staff's Second Request for Information to Valley Gas
shall be filed no later than 04/01/2024

Valley Gas shall file responses to Commission Staff's
Second Request for Information no later than..... 04/15/2024

Commission Staff's Third Request for Information to Valley Gas
shall be filed no later than 04/29/2024

Valley Gas shall file responses to Commission Staff's
Third Request for Information no later than..... 05/13/2024

Last day for Valley Gas to request a Public Hearing or submit a
request for the matter be decided based upon the written record 05/20/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00402 DATED MAR 15 2024

THREE PAGES TO FOLLOW

AMENDMENT NO. 2 TO MAGO AGREEMENT

This Amendment is entered in this 16 day of February 2024 by and between Valley Gas, Inc. ("Valley Gas"), a Kentucky corporation, and Mago Construction Company, LLC ("Mago Construction"), a Kentucky Limited Liability Company (collectively "the Parties").

WITNESSETH:

WHEREAS, on September 26, 2014, the Parties entered into an agreement to provide for the provision of natural gas service to Mago Construction ("Original Agreement");

WHEREAS, the Original Agreement was submitted to the Kentucky Public Service Commission ("the Commission") in Case No. 2014-00368 and was approved on October 28, 2014;

WHEREAS, the Original Agreement did not address the costs related to the construction, operation, testing, and maintenance of the pressure regulation and metering equipment necessary to provide service to Mago Construction, such costs being unique to the provision of service to Mago Construction as it was the only industrial customer that Valley Gas served;

WHEREAS, the Parties subsequently agreed that Valley Gas should assess, and Mago Construction should pay, a monthly meter charge of \$489.00 to recover these costs but did not memorialize their agreement in writing;

WHEREAS, Valley Gas was informed in April 2023 by members of the Commission's Staff that KRS 278.160 required that the Parties' agreement for such meter charge should be in writing and filed with the Commission;

WHEREAS, on May 17, 2023, the Parties executed "Amendment No. 1 to Mago Agreement" ("Amendment No. 1"), which the Parties intended to reflect the substance of their longstanding agreement;

WHEREAS, on November 15, 2023, Valley Gas submitted Amendment No. 1 to the Commission;

WHEREAS, in response to the filing of Amendment No. 1, the Commission suspended the operation of Amendment No. 1 and initiated Case No. 2023-00402 to investigate the reasonableness of Amendment No. 1;

WHEREAS, during the course of that Commission proceeding, the Parties determined that Amendment No. 1 did not reflect the intent of the Parties;

WHEREAS, the Parties wish to execute this amendment to rescind Amendment No. 1 and to correctly state the terms of their agreement.

NOW THEREFORE, in consideration of the mutual promises set forth below, and for other good and valuable consideration, the Parties agree as follows:

1. Because KRS 278.160 requires that this Amendment be filed with the Commission and KRS 278.180 requires thirty (30) days' notice of any rate revision, the Effective Date of this Amendment shall be thirty (30) days from the date of its filing with the Commission or, if the Commission suspends the operation of this Amendment for further review, upon the issuance of an Order from the Commission approving this Amendment, whichever comes later.

2. Amendment No. 1 to Mago Agreement is hereby revoked and rescinded.

3. Article 4 is revised and amended to read as follows:

4.1. Mago Construction shall pay a monthly meter charge of **Four Hundred Eighty-Nine Dollars (\$489.00)** to compensate Valley Gas the costs related to the construction, operation, and maintenance of the pressure regulation and metering equipment necessary to provide service to Mago Construction regardless of the amount of natural gas purchased by or transported for Mago Construction.

4.2 For transportation services provided under Article 3 of the Original Agreement, Mago Construction shall pay the rate of **Two Dollars per MCF (\$2.00)** measured at the Redelivery Point for transported natural gas in amounts equal to or less than the amount of Supplier Contract Gas (minus two percent (2%) by volume for line loss.). This rate shall also apply to any transported Excess Gas.

4.3 If Mago Construction purchases natural gas from Valley Gas, it shall, in addition to the monthly meter charge set forth in Article 4.1, be assessed the General Service Rate set forth in Valley Gas's filed rate schedules, including the gas cost recovery rate.

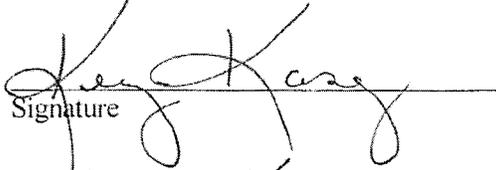
4. As of the Effective Date of this Amendment, Article 7.1 is revised and amended to read as follows:

Meters and other related equipment installed and maintained by or on behalf of Valley Gas shall be the exclusive method and means of determining the quantity of gas redelivered to Mago Construction or delivered to Valley Gas by Supplier for Mago Construction's account. Reading, calibration, and adjustment of Valley Gas's meters and related measurement equipment shall be performed solely by Valley Gas using generally accepted procedures. Valley Gas shall test the accuracy of any Valley Gas owned meter in use under this Agreement in accordance with its standard practices as filed with the Commission for such testing.

5. Except as otherwise provided in this Amendment, the Original Agreement shall remain in full force and effect in accordance with its terms. If there is any inconsistency or conflict between the term of this Amendment and the Original Agreement, the terms and provisions of this Amendment shall govern and control.

IN WITNESS WHEREOF, the Parties have affixed their signatures.

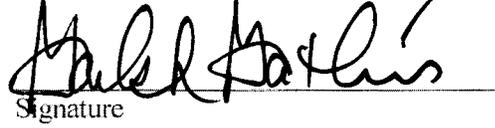
VALLEY GAS, INC.


Signature

Kerry Kasey
Print Name

President
Title

MAGO CONSTRUCTION COMPANY, LLC


Signature

MARK R MATHIS
Print Name

PRESIDENT
Title

*Honorable W. Duncan Crosby III
Attorney at Law
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 W Jefferson Street
Louisville, KENTUCKY 40202-2828

*Emily S. Childress
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Gerald E Wuetcher
Attorney at Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

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