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September 17, 2018

RECEIVED

SEP 17 2018

PUBLIC SERVICE
COMMISSION

HAND DELIVERED

Gwen R. Pinson
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

Re: *Case No. 2018-00263*

Dear Ms. Pinson:

In accordance with the Commission's September 7, 2018 Order, please find enclosed Peoples Gas KY LLC's Answer and Motion to Dismiss, as well as a Motion to Utilize Electronic Filing Procedures.

Should you have any questions, please let us know.

Sincerely,

Stoll Keenon Ogden PLLC

A handwritten signature in black ink that reads "Monica H. Braun".

Monica H. Braun

RECEIVED

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

SEP 17 2018

PUBLIC SERVICE
COMMISSION

In the Matter of:

GEORGIA JOHNSON

COMPLAINANT

v.

PEOPLES GAS KY LLC

DEFENDANT

CASE NO. 2018-00263

PEOPLES GAS KY LLC'S ANSWER AND MOTION TO DISMISS

Comes the Defendant, Peoples Gas KY LLC, by counsel for its Answer and Motion to Dismiss the Formal Complaint of Georgia Johnson ("Complaint") and states as follows:

ANSWER

In accordance with the Kentucky Public Service Commission's Order of September 7, 2018 in the above-captioned proceeding, Peoples Gas KY LLC, ("Peoples KY") for its Answer, and in response to the specific averments contained in said Complaint, states as follows:

1. Peoples KY lacks information sufficient to admit or deny paragraph 1 of the Complaint and therefore denies same.
2. Peoples KY denies paragraph 2 of the Complaint.
3. Peoples KY admits the allegations in paragraph 3 of the Complaint.
4. Peoples KY admits the allegations in paragraph 4 of the Complaint.
5. With regard to the allegations in paragraph 5 of the Complaint, Peoples KY denies that Exhibit 2 is a copy of correspondence sent to the Complainant, but admits that the

letter was sent to Loran Rice, the customer of record. Bills sent to Rice are sent in care of the Complainant.

6. With regard to the allegations in paragraph 6 of the Complaint, Peoples KY states that KRS 278.010 speaks for itself and denies any allegations inconsistent with same.

7. With regard to the allegations in paragraph 7 of the Complaint, Peoples KY states that KRS 278.010 speaks for itself and denies any allegations inconsistent with same.

8. Peoples KY denies the allegations in paragraph 8 of the Complaint. Peoples KY's tariff on file with the Kentucky Public Service Commission makes clear that Peoples KY is only providing farm tap service to customers, including the Complainant, and is not a "utility" as defined by KRS 278.010.

9. With regard to the allegations in paragraph 9 of the Complaint, Peoples KY denies the Complainant's characterization of KRS 278.485, which speaks for itself and Peoples KY denies any allegations inconsistent with same.

10. With regard to the allegations in paragraph 10 of the Complaint, Peoples KY states that KRS 278.485 speaks for itself and denies any allegations inconsistent with same.

11. Peoples KY admits the allegations in paragraph 11 of the Complaint.

12. Peoples KY denies the allegations in paragraph 12 of the Complaint.

13. Peoples KY denies the allegations in paragraph 13 of the Complaint.

14. With regard to the allegations in paragraph 14 of the Complaint, Peoples KY states that KRS 278.010 and KRS 278.040 speak for themselves and denies any allegations inconsistent with same.

15. Peoples KY denies the allegations in paragraph 15 of the Complaint. Nineteenth Revised Sheet No. 2 of Peoples' tariff on file with the Kentucky Public Service Commission

states that “Peoples Gas KY LLC shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever.”

16. Peoples KY denies the allegations in paragraph 16 of the Complaint. KRS 278.030 does not apply to the gas service Peoples KY is providing to Complainant.

17. The allegations in paragraph 17 of the Complaint make legal arguments to which a response is not required, but Peoples KY denies that the arguments correctly describe Kentucky law.

FIRST AFFIRMATIVE DEFENSE

The Complaint, or parts of it, fails to set forth any claim upon which relief can be granted by this Commission and, therefore should be dismissed.

SECOND AFFIRMATIVE DEFENSE

The Complaint fails to set forth a *prima facie* case that Peoples KY has violated its tariff or any statute or Commission regulation, and the Complaint should be dismissed for that reason.

THIRD AFFIRMATIVE DEFENSE

Nineteenth Revised Sheet No. 2 of Peoples’ tariff on file with the Kentucky Public Service Commission states that “Peoples Gas KY LLC shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever.” Peoples KY is seeking to act in accordance with the terms and conditions stated therein.

FOURTH AFFIRMATIVE DEFENSE

The filed rate doctrine requires that utility companies strictly adhere to their tariffs, which are on file with, and approved by, the Commission for service.¹ Kentucky’s state and federal

¹ *In the Matter of: North Marshall Water District*, Case No. 95-107 (Ky. PSC Oct. 13, 1995) Order at 2.

courts have recognized and applied the principle,² and the Commission has labeled the doctrine “the bedrock of utility rate regulation.”³ Kentucky’s treatment of the filed rate doctrine mirrors that of the United States Supreme Court, which declared that the “[t]he rights as defined by the tariff cannot be varied or enlarged by either contract or tort of the carrier.”⁴ The Complaint requests the Commission to issue an order that directly contravenes Peoples KY’s unambiguous tariff.

FIFTH AFFIRMATIVE DEFENSE

The Commission has already determined that Equitable Gas Company, LLC was not a “utility” for purposes of KRS 278.010 in Case No. 2013-00163 and was instead a farm tap system. Because Peoples KY purchased the assets of Equitable Gas Company, LLC, it too must be considered a farm tap system.

WHEREFORE, Peoples Gas KY LLC respectfully requests the Commission to issue an Order:

1. Dismissing the Complaint with prejudice;
2. Ordering that Peoples KY may discontinue service to Complainant in accordance with its tariff;
3. Granting Peoples KY any and all other relief to which it may be entitled; and
4. Closing and removing this matter from the Commission’s docket.

² *Commonwealth v. Anthem Ins. Cos., Inc.*, 8 S.W.3d 48, 52 (Ky. App. 1999); *Big Rivers Elec. Corp. v. Thorpe*, 921 F.Supp. 460, 464 (W.D. Ky. 1996).

³ *In the Matter of North Marshall*, Case No. 95-107, at 3.

⁴ *Anthem*, 8 S.W.3d at 51, quoting *Keogh v. Chicago & Northwestern Ry.*, 260 U.S. 156, 163 (1922). See also *AT&T v. Central Office Telephone*, 524 U.S. 214 (1998).

MOTION TO DISMISS

I. Introduction

The Kentucky Public Service Commission (“Commission”) has already established that Peoples Gas KY LLC (“Peoples KY”) is not a utility within the meaning of KRS 278.010, and instead only provides “farm tap” service. As such, KRS 278.030 does not apply to Peoples KY. First, when Peoples KY acquired the assets of Equitable Gas Company, LLC (“Equitable”) in 2013, the Commission held that because Equitable was not a “utility” for purposes for KRS 278.0210, and was instead only a farm tap system, Commission approval pursuant to KRS 278.020 was not required.⁵ Peoples KY could only acquire what it purchased—a farm tap system. Second, Peoples KY’s tariff makes clear that it is providing only farm tap service, and expressly states that Peoples KY may terminate gas service in the precise situation presented in this Complaint.⁶ Third, Peoples KY is listed as a farm tap system on the Commission’s website.⁷ For these reasons, Peoples KY respectfully requests the Commission dismiss the Formal Complaint filed by Complainant Georgia Johnson.

II. Background

Peoples KY acquired Equitable’s assets in 2013, following the Commission’s determination that a certificate of public convenience and necessity was not required for the transaction because Equitable was only a farm tap system not subject to many of the Commission’s statutes, including 278.020, because Equitable was not a “utility” as defined by KRS 278.010. The Commission noted that “Under KRS 278.010(3), a utility is defined as ‘any person except ... a city, who owns, controls, operates, or manages any facility used or to be used

⁵ Case No. 2013-00163, *In the Matter of: Joint Application of PNG Companies, LLC, Peoples Natural Gas Company LLC, EQT Corporation, Distribution Holdco, LLC and Equitable Gas Company, LLC for Approval of Acquisition of Ownership and Control of Equitable Gas Company, LLC* (Ky. PSC Sept. 3, 2013).

⁶ A copy of Peoples KY’s Tariff is attached as Exhibit 1.

⁷ <https://psc.ky.gov/Home/Library?type=Tariffs&folder=Natural Gas/Farm Taps>.

for or in connection with: (b) The production, manufacture, storage, distribution, sale, or furnishing of natural or manufactured gas, or a mixture of same, to or for the public, for compensation, for light, heat, power, or other uses ...”⁸

The Commission went on to state that in “addition to those persons whose operations satisfy the statutory definition of ‘utility,’ there are persons who are not within that definition but who are subject to limited Commission regulation pursuant to another statutory provision,” which are farm tap systems under KRS 278.485. That statute provides in pertinent part:

Every gas pipeline company obtaining gas from producing wells located within this state, upon the request of the owner of the property on or over which any producing well or gas gathering pipeline is located or the owner of real estate whose property and point of desired service is located within one-half (1/2) air-mile of said company’s producing gas well or gas gathering pipeline, shall furnish gas service to such owner and applicant, subject to and upon the following terms, conditions, and provisions⁹

The Commission stated that “A gas pipeline company operating within these parameters [of KRS 278.485] is not a ‘utility’ as defined in KRS 278.010(3), because it has not dedicated its facilities to serve the public up to the extent of its capacity.” The Commission further explained that:

A gas pipeline company that falls with the parameters of KRS 278.485 is referred to as a “farm tap company” or a company that provides “farm tap service.” ***A farm tap system is not required to provide any minimum level of service.*** The Commission’s jurisdiction is limited to regulating the rates charged and ensuring the safety of the service lines, gas regulators, gas meters, and the connection with the gas producing well or pipeline. ***A farm tap company is not required to maintain any fixed or specified gas pressure and it has the right to abandon any gas well or any gathering pipeline and may remove such abandoned pipeline with no obligation to continue providing gas service.*** Unlike customers of a jurisdictional utility, customers receiving farm tap

⁸ Case No. 2013-00163 (Ky. PSC Sept. 3, 2013) at 5-6.

⁹ *Id.* at 6.

service from an abandoned well or pipeline have no right to receive future service.¹⁰

The Commission noted that Equitable did not own any producing wells or gathering lines in Kentucky, but instead obtained the gas it provided to customers from EQT Energy, LLC. The Commission further observed that Equitable's primary Kentucky assets consisted of a contract with EQT Energy, contracts with farm tap customers, and customer meters. Peoples KY was to acquire all of these assets.

The Commission concluded by holding that "PNG has demonstrated that it has the managerial and technical abilities necessary to provide reasonable service and that *both the level and quality of service currently received by Equitable's customers will be maintained*....Equitable is a farm tap company pursuant to KRS 278.485 and not a utility as defined in KRS 278.010(3). PNG's proposed acquisition of Equitable does not require Commission approval pursuant to KRS 278.020(5) or KRS 278.020(6)."¹¹ The Commission thus held that PNG would provide the same level and quality of service rendered by Equitable, which was a farm tap system that was not a "utility" for purposes of KRS 278.010. In so doing, the Commission expressly held that Equitable was a farm tap system even though it did not own any producing wells or gathering lines in Kentucky.

Peoples KY's status as providing a limited farm tap service was memorialized in its tariff, which "adopt[ed] the tariff of Equitable" on December 17, 2013 following consummation of the transaction.¹² Sheet No. 2 defines the service provided to customers, which is not delineated by customer class or meter size given that it is a farm tap system. The Point of Delivery is defined as "[a]t connection along Kentucky West Virginia Gas Company's *well*

¹⁰ *Id.* at 6-7 (emphasis added).

¹¹ *Id.* at 11.

¹² See Peoples KY's Tariff on file with the Commission.

connection and gathering system in Eastern Kentucky included in Peoples Gas KY LLC's service area."¹³

Sheet No. 2 further makes clear that the character of service Peoples KY is providing is a limited, farm tap service with no obligation to provide continuous service or maintain certain pressures: "Gas delivered pursuant to this tariff is from pipelines owned and operated by Peoples Gas KY LLC's supplier and all gas sold hereunder is made available by said supplier...***Peoples Gas KY LLC shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever.***"¹⁴

Finally, "[a]ll gas sold and delivered under this Tariff shall be delivered at the varying pressures of Peoples Gas KY LLC's supplier's pipeline, and it shall be the responsibility of the customer to supply, maintain, and operate the necessary regulator and related equipment for the customer's use."¹⁵ The tariff mirrors the language in KRS 278.485(4), which describes the service to be provided by a farm tap system as follows: "Neither the gas producer nor the gas pipeline company shall be responsible for maintaining any fixed or specified gas pressure." Given all of the foregoing, Peoples KY is classified as a farm tap system on the Commission's website, and is not listed as a jurisdictional local distribution company.¹⁶

One of Peoples KY's farm tap customers is Loran Rice, and correspondence to Rice is sent in care of Complainant Georgia Johnson. On April 23, 2018, EQT Production Company, which supplies gas to Peoples KY through a gathering pipeline, notified Peoples KY it was disconnecting the gas supplied by the pipeline from which Complainant is served on or about September 1, 2018. On May 16, 2018, Peoples KY promptly notified Complainant that because

¹³ Nineteenth Revised Sheet No. 2 (emphasis added).

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ <https://psc.ky.gov/Home/Library?type=Tariffs&folder=Natural Gas/Farm Taps>.

its gas supply in the area was being terminated, Peoples KY would no longer be able to supply gas beginning September 1, 2018.

Complainant tendered this Complaint on August 3, 2018, and Peoples KY has responded in accordance with the Commission's September 7, 2018 Order. At this time, Complainant is still receiving gas service. However, the facts in the Complaint describe the exact situation addressed in the tariff: "Peoples Gas KY LLC shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever." Peoples KY requests that this case be dismissed, so that Peoples KY may act in accordance with the unambiguous language of its Commission-approved tariff.

III. Argument

A. Peoples KY Is Not a "Utility" for Purposes of KRS 278.010 or KRS 278.030

The Complaint requests that the Commission fundamentally alter the scope of Peoples KY's gas service in Kentucky by converting it to a local distribution utility. This requested relief contravenes the Commission's Final Order in Peoples KY's acquisition of Equitable's assets, and Peoples KY's tariff that has been approved by the Commission. In addition, the Complaint requests relief that is operationally impossible, as Peoples KY has no other supply of gas to which it can supply Complainant.

In the Joint Application filed by Peoples KY and Equitable in Case No. 2013-00163, the parties stated that "[Peoples KY] will acquire Equitable's approximately 3,300 farm tap customers and their related meters and one gas contract to serve those customers."¹⁷ The Joint Applicants further explained that the "gas that Equitable delivers to its Kentucky customers is not its own production but is purchased from third party suppliers through EQT Energy. Equitable's primary Kentucky assets consist of a contract with EQT Energy, contracts with its

¹⁷ Case No. 2013-00163, Joint Application.

farm tap customers, and customer meters.”¹⁸ EQT Energy was not a party to the case. As such, Peoples KY was proposing to acquire Equitable’s assets and no others.

In discovery, Equitable explained that it did not own any gathering lines or producing wells in Kentucky, and confirmed it received its gas supply from EQT Energy, LLC.¹⁹ It further explained in discovery that it did not view itself as a utility as defined by KRS 278.010(3) because it only provided natural gas service to customers pursuant to KRS 278.485, and considered itself a “farm tap system consistent with KRS 278.485,” even though it did not own any gathering lines or producing wells in Kentucky because it “provide[d] gas service to property owners on whose land the wells are located or over whose land the gas gathering lines and gas pipelines are located and to property owners located within one-half (1/2) air mile of such facilities.”²⁰

After consideration of the Joint Application and discovery responses, the Commission held the following in its consideration of Peoples KY’s acquisition of Equitable’s assets:

- The gas that Equitable delivers to its Kentucky customers is not its own production but is purchased from third-party suppliers through EQT Energy, LLC.²¹
- Equitable’s primary assets consist of a contract with EQT Energy, LLC, contracts with farm tap customers, and customer meters.²²
- Even though Equitable does not produce the gas delivered to its customers in Kentucky, “Equitable’s operations in Kentucky, however, are limited to supplying

¹⁸ *Id.*

¹⁹ Case No. 2013-00163, July 19, 2013 Responses to Staff’s Initial Request for Information.

²⁰ *Id.*

²¹ Case No. 2013-00163, *In the Matter of: Joint Application of PNG Companies, LLC, Peoples Natural Gas Company LLC, EQT Corporation, Distribution Holdco, LLC and Equitable Gas Company, LLC for Approval of Acquisition of Ownership and Control of Equitable Gas Company, LLC* (Ky. PSC Sept. 3, 2013) at 4.

²² *Id.*

‘farm-tap service’ under KRS 278.485, and Commission approval is not required prior to its acquisition by” Peoples KY.²³

- “Equitable is a farm tap company pursuant to KRS 278.485 and not a utility as defined in KRS 278.010(3).”²⁴
- “After the Proposed Transaction, [Peoples KY] will adopt the current Equitable tariff.”²⁵
- After the acquisition, “both the level and quality of service currently received by Equitable’s customers will be maintained.”²⁶

Given that Peoples KY acquired Equitable’s Kentucky assets, Peoples KY could only acquire what it purchased---a farm tap system—and no more. While the Complaint alleges that Peoples KY cannot be a farm tap system pursuant to KRS 278.485 because it does not own the producing wells or gathering lines, the Commission directly considered that question in Case No. 2013-00163 and held the exact opposite. It is undisputed that Equitable did not own producing wells or gathering lines, but was held not to be a utility pursuant to KRS 278.010. The same result must follow here, as the character and level of service remain unchanged. The only difference is that ownership has changed hands.

Like its predecessor, Peoples KY provides gas service to property owners on whose land the wells are located or over whose land the gas gathering lines and gas pipelines are located and to property owners located within one-half (1/2) air mile of such facilities in accordance with KRS 278.485. Notably, KRS 278.485 does not state that the gas pipeline company must own the

²³ *Id.* at 7.

²⁴ *Id.* at 11.

²⁵ *Id.* at 4.

²⁶ *Id.* at 11.

producing wells or gas pipelines. And like Equitable, Peoples KY does not serve any customers that fall outside the parameters of KRS 278.485.

B. *Peoples KY's Tariff Permits It to Discontinue Service to Complainant*

On April 23, 2018, Peoples KY was notified by its gas supplier that it was no longer feasible for the supplier to operate the WL745472 pipeline, to which two domestic consumer meters were connected. The supplier planned to terminate the gas supply on September 1, 2018. Peoples KY's tariff deals with this precise situation, stating that: "Peoples Gas KY LLC shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever." In accordance with the tariff, Peoples KY promptly provided notice to the two affected customers, one of which was Loran Rice, of the upcoming loss of gas supply so the customers could procure an alternate fuel source.

There is no question that Peoples KY is complying with the terms and conditions of its Commission-approved tariff. The filed rate doctrine, described as the "the bedrock of utility rate regulation,"²⁷ permits a utility to adhere to their tariffs, which are on file with, and approved by, the Commission for service. As such, the terms and conditions of service in Peoples KY's tariff, which includes the right to discontinue service if a supplier terminates the gas supply, falls within the ambit of the filed rate doctrine.

Moreover, Peoples KY's tariff reaffirms that it is providing only farm tap service. The Commission classifies Peoples KY as a farm tap system, and not a local distribution company utility. The tariff states that the territory served is limited to connections at the point of delivery along Kentucky-West Virginia Gas Company's well connection and gathering system. It explains that all "gas delivered...is from pipelines owned and operated by [Peoples KY's]

²⁷ *In the Matter of North Marshall*, Case No. 95-107, at 3.

supplier and all gas sold hereunder is made available by said supplier, and “[a]ll gas sold and delivered under this Tariff shall be delivered at the varying pressures of” Peoples KY’s supplier. Moreover, the “customer bears the responsibility of supplying, maintaining, and operating the necessary regulator and equipment for the customer’s use.” There can be no reasoned argument that Peoples KY did not make the character of its service apparent. And, Complainant had received the same type of service from Equitable prior to the acquisition in 2013.

IV. Conclusion

Because the Commission’s prior order and Peoples KY’s tariff both demonstrate that Peoples KY is a farm tap system pursuant to KRS 278.485, and is not a “utility” for purposes of KRS 278.010 or KRS 278.030, Peoples KY respectfully requests the Commission dismiss the Formal Complaint of Georgia Johnson in an order stating that Peoples KY may comply with its approved tariff and discontinue service when its supplier terminates the gas supply.

Dated September 17, 2018

Respectfully submitted,

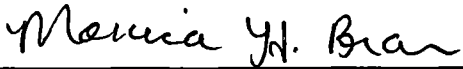
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Phone: 859-231-3000
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Monica.braun@skofirm.com

Monica H. Braun
Counsel for Peoples Gas KY LLC

CERTIFICATE OF SERVICE

I hereby certify that true and accurate copies of the foregoing was hand-delivered to the Commission on September 17, 2018, and a copy was sent via United States mail, postage prepaid to:

Tom FitzGerald
Kentucky Resources Council
P.O. Box 1070
Frankfort, KY 40601



Counsel for Peoples Gas KY LLC

EXHIBIT 1

Revision No. 3
to
P.S.C. KY. No. 1

PEOPLES GAS KY LLC

RATES FOR FURNISHING

NATURAL GAS

AT

Connections along Kentucky West Virginia Gas Company's pipeline system in Eastern Kentucky included in Peoples Gas KY LLC's service area.

FILED WITH THE PUBLIC SERVICE COMMISSION

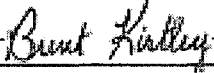
OF

KENTUCKY

Issued December 17, 2013
Through the issuance of this tariff Peoples Gas KY LLC adopts the tariff of Equitable Gas.

Issued by: PEOPLES GAS KY LLC

By: Morgan K. O'Brien
President
375 North Shore Drive, Suite 600
Pittsburgh, PA 15212

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH

EFFECTIVE 12/17/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

RATE

Customer: Various

Expiration: See "Special Conditions"

Point of Delivery:

At connection along Kentucky West Virginia Gas Company's well connection and gathering system in Eastern Kentucky included in Peoples Gas KY LLC's service area.

Rate:

Customer Service Charge: \$7.50

All Mcf	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	(I)
	\$2.1322		\$5.6344 per MCF		\$7.7666	

The minimum monthly bill shall be \$7.50.

*The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 4 and 5 of this tariff.

The following adjustment shall be made to the above rates:

- (1) Customer bills may also include gross receipts license taxes as authorized under the Kentucky Education Reform Act of 1990.

Gas delivered pursuant to this tariff is from pipelines owned and operated by Peoples Gas KY LLC's supplier and all gas sold hereunder is made available by said supplier. Other than the meter, service tap, saddle and first service shut off valve, which shall be owned and maintained by Peoples Gas KY LLC, all other approved equipment and material required for service under this tariff shall be furnished, installed, and maintained by the customer at the customer's expense and shall remain the customer's property. At the customer's option, Peoples Gas KY LLC will furnish and install this other equipment, but this other equipment shall be paid for, owned and maintained by the customer. Such other equipment shall include, but is not limited to, the line from the service tap to the point of use, gas regulation equipment, and desiccant tanks or other moisture control equipment as approved and required by Peoples Gas KY LLC. Peoples Gas KY LLC shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever. All gas sold and delivered under this Tariff shall be delivered at the varying pressures of Peoples Gas KY LLC's supplier's pipeline, and it shall be the responsibility of the customer to supply, maintain, and operate the necessary regulator and related equipment for the customer's use.

(I) Indicates Increase.

ISSUED: June 25, 2018
EFFECTIVE: August 1, 2018

Filed in compliance with the
Commission's Order at Case No.
2018-00197 Entered July 16, 2018.

Issued By: Carol Scanlon
Carol Scanlon
Manager, Rates and Regulation

KENTUCKY PUBLIC SERVICE COMMISSION
Gwen R. Pinson Executive Director <i>Gwen R. Pinson</i>
EFFECTIVE 8/1/2018 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

PURCHASED GAS ADJUSTMENT

The rate authorized herein is based upon the wholesale cost of gas to Peoples Gas KY LLC as computed upon the rate of Kentucky West Virginia Gas Company then currently in effect under Federal Power Commission tariffs for interstate business. For the purpose of this purchased gas adjustment clause, this rate shall be considered as the base rate for purchased gas. In the event there is an increase in this base rate, Peoples Gas KY LLC shall within thirty days from the time it receives notice of the proposed change file with this Commission the following information:

- (1) A copy of the Federal Power Commission tariff, effecting the change in the base rate and a statement relative to the effective date of such proposed change.
- (2) A statement setting out the details of gas purchased under the provisions of the base rate for the previous twelve months showing billing under the base rate and under the proposed revised rate applicable to this service.
- (3) A balance sheet as of the end of the latest twelve month period and a statement of operating expenses and revenues in the same detail as reported to this Commission in the Utility's Annual Report.
- (4) Such other information as this Commission may request for a proper determination of the purchased gas adjustment.

ISSUED: December 17, 2013
EFFECTIVE: December 17, 2013

Issued By: /s/ Carol Luniewski
Rate Analyst

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH

EFFECTIVE 12/17/2013
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

PURCHASED GAS ADJUSTMENT CLAUSE
(Continued)

Definitions

For purposes of this tariff:

- a. "Average Expected Cost" is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased gas volumes during the twelve-month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments to its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.
- b. "GCR" means the quarterly updated gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the actual cost adjustment plus the balancing adjustment; i.e., $GCR = EGC + RA + ACA + BA$.
- c. "Calendar Quarters" means each of the four three-month periods of (1) February, March, and April; (2) May, June, and July; (3) August, September, and October; (4) November, December, and January.
- d. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates; i.e., the calendar quarters ended April 30, July 31, October 31, and January 31 of each year.

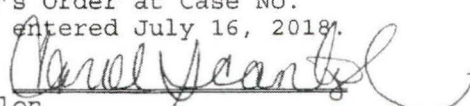
Gas Cost Recovery Rate (GCR):

Expected Gas Supply Cost (EGC)	4.7265	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	0.8323	(I)
Balance Adjustment (BA)	0.0756	(I)
Total Gas Cost Recovery Rate per Mcf	5.6344	(I)

(I) Indicates Increase

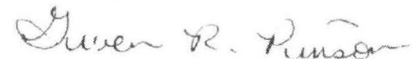
ISSUED: June 25, 2018
EFFECTIVE: August 1, 2018

Filed in compliance with the
Commission's Order at Case No.
2018-00197 entered July 16, 2018.

Issued By: 
Carol Scanlon
Manager, Rates and Regulation

KENTUCKY
PUBLIC SERVICE COMMISSION

Gwen R. Pinson
Executive Director



EFFECTIVE

8/1/2018

PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

Title: Budget Payment Plan

Purpose: Provide a plan to spread a customer's annual gas service cost over twelve equal monthly payments in lieu of monthly billings based on actual usage; whereby any difference in the actual amount due and the fixed amount paid each month shall be payable in full each year upon receipt of the June billing.

Plan: 1. If at any time the Rate under which the Company purchases gas service at wholesale is modified, the Company may make a corresponding modification in the rate for service hereunder and the budget payment amount shall be adjusted accordingly.

2. If at any time the Rate and/or Terms and Conditions as set forth in the Company's Rate are adjusted or changed and said adjustments and/or changes are approved by the Kentucky Energy Regulatory Commission said adjustments and/or will become effective and supersede, cancel and replace rates and/or terms and conditions provided in existing rate prior to the effective date as set forth in the Energy Regulatory Commission's Order approving the adjustments and/or changes.

3. The monthly budget payments are subject to change where a trend develops indicating the amount set up is insufficient to result in a reasonable balance due in the June Billing period; at which time, the difference in the fixed amount and actual cost of gas service is payable in full.

4. The Consumer shall make payment each month in the full amount of the Budget Payment as stated herein, irregardless of any accumulated charges or credits for actual use. The accumulated charges or credits shall be adjusted on the June billing. Should the Consumer fail to make such budget payments by due date, service will be discontinued and entire balance becomes due and payable before service is restored. The Consumer shall be ineligible for future billings under the Budget Payment Plan.

5. This agreement shall continue from year to year, unless terminated by either party giving to the other notice in writing, subject to the provision stated in 4 above.

ISSUED: December 17, 2013
EFFECTIVE: December 17, 2013

Issued By: /s/ Carol Luniewski
Rate Analyst

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kinley</i>
EFFECTIVE 12/17/2013 PURSUANT TO 807 KAR 5:011 SECTION 9(1)