

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF VALLEY GAS, INC.)	2020-00286

ORDER

On August 26, 2020, 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, 2020. In its August 26, 2020, filing Valley Gas only provided a cover letter and a single page of its GCR rate report. The Commission requires that the GCR report in its entirety be filed before the 30 days' notice can be applied as set forth in Valley Gas's PGA Tariff. On September 17, 2020, Valley Gas filed the rest of its GCR rate report. Valley Gas's previous GCR rate was approved in Case No. 2020-00164.¹

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

1. Valley Gas's GCR report includes a revised rate designed to pass on to its customers its expected change in gas costs.
2. Valley Gas's GCR report sets out an Expected Gas Cost (EGC) of \$2.7878 per Mcf. Valley Gas did not use the correct total amount of 42,940 dth from its supplier, Constellation Energy, in the calculation of its total cost. The corrected Total Expected Cost of Purchases is found to be \$83,538.86. This produces a corrected EGC of \$2.8881

¹ Case No. 2020-00164, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 24, 2020).

per Mcf, which is a decrease of \$.8381 per Mcf from the previous EGC of \$3.7262 per Mcf.

3. Valley Gas's GCR report sets out no Refund Adjustment.

4. Valley Gas's GCR report sets out a current quarter Actual Cost Adjustment (ACA) of \$.0023 per Mcf. Valley Gas did not use the correct actual sales for the months of May and June 2020. Due to the special contract with its only industrial customer, Mago Construction Company (Mago), Valley Gas should use the total residential and commercial usage for the actual sales in the calculation of its quarterly ACA. In reviewing the ACA calculation, it was also discovered that the line calculating the Total Sales Volumes Purchased excluding the purchases made from Mago, was incorrectly calculated and was instead replaced with hard coded values. Valley Gas also did not use the correct sales volume for the 12 months ended June 30, 2020 of 28,925.00 Mcf. Correcting this produces a current quarter ACA of \$.2750 per Mcf and a total ACA of (\$.3722) per Mcf, which is an increase of \$.2211 per Mcf from its previous total ACA of (\$.5933) per Mcf.

5. Valley Gas's corrected GCR rate is \$2.5159 per Mcf, which is a decrease of \$.6170 per Mcf from the previous GCR rate of \$3.1329 per Mcf.

6. The rate set forth in the Appendix to this Order is fair, just, and reasonable and should be approved for service rendered by Valley Gas on and after October 1, 2020. Although Valley Gas's GCR rate report did not provide 30 days' notice to the Commission as required by its tariff, KRS 278.180(2) authorizes the Commission to make a reduction in rates effective in less than 30 days.

7. Valley Gas's next GCR report should include all invoices received from Constellation Energy for the prior calendar quarter. Valley Gas's future GCR reports should also include the additional information previously provided as a supplemental filing on June 13, 2018, in Case No. 2018-00177² as it pertains to the calculation of the future GCR rate. In this and previous GCR reports, Valley Gas failed to include the necessary invoices as ordered by the Commission. The Commission finds that any future GCR rate reports should no longer be considered a complete filing unless all invoices received from Constellation Energy for the prior calendar quarter are included.

8. 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 rates proposed by Valley Gas are denied.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after October 1, 2020.
3. Valley Gas's future GCR reports shall include the information required in finding paragraph 7. Future GCR reports shall no longer be considered a complete filing unless all information required in finding paragraph 7 are included.
4. Within 20 days of the date of entry 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.

² Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 19, 2018).

5. This case is closed and removed from the Commission's docket.

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By the Commission



ATTEST:

A handwritten signature in blue ink, consisting of stylized, cursive letters that appear to be "H. L. L." or similar.

Acting Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00286 DATED SEP 30 2020

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	\$2.5159	\$5.5220

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