

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF VALLEY GAS, INC.)	2021-00200

ORDER

On May 12, 2021, 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 July 1, 2021. Valley Gas's previous GCR rate was approved in Case No. 2021-00093.¹

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 \$3.9984 per Mcf. In calculating its current EGC, Valley Gas reported a Storage Volume for the reporting period of March 31, 2021 to be (2,385) dth which included a (13,110.0) dth inventory volume for the month of September 2020. The amount previously reported in

¹ Case No. 2021-00093, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Mar. 31, 2021).

Case No. 2020-00389², and corrected in Case No. 2021-00093³ was a 13,112 dth inventory volume for September 2020. In this GCR report, Valley Gas included a storage summary report with the accounting period of April 2021. This storage summary report states an end balance of 2,385, which is consistent with the inventory volume as reported by Valley Gas for the 12 months ended period of March 31, 2021.⁴ Despite this discrepancy in the storage volume, the Commission finds that any over- or under-collection from the EGC will be captured in the Actual Cost Adjustment (ACA) as that is where any differences in the actual cost of gas and the expected cost of gas are reconciled. Incidentally, due to the allowable Mcf purchases not exceeding 95 percent of Mcf sales for the reporting period⁵ the Storage Volume does not impact the total expected gas cost for the 12 months ended period of March 31, 2021. Valley Gas's EGC is \$3.9984 per Mcf, which is an increase of \$1.7077 per Mcf from the previous EGC of \$2.2907 per Mcf.

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

4. Valley Gas's GCR report sets out a current quarter ACA of \$1.2944 per Mcf.

In the calculation of its current quarter ACA, Valley Gas incorrectly calculated the unit cost of gas for January, February, and March 2021. The unit cost of gas is the total cost

² See Case No. 2020-00389, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (filed Dec. 3, 2020).

³ See Case No. 2021-00093, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Mar. 31, 2021) at 1. The September 2020 amount was reported in the GCR rate report as a negative value and the Commission's March 31, 2021 final Order corrected it to a positive value.

⁴ In the calculation of Valley Gas' EGC the total reported Storage Volumes has its sign value flipped as to exclude the amount of natural gas placed or removed from storage when determining the expected cost of gas. Although the storage end balance was reported to be 2,385 dth it is included in the EGC as (2,385) dth.

⁵ The 95% limiter is to disallow recovery of line losses that exceed 5%.

of volumes excluding Mago Construction Company⁶ divided by the Total GCA sales in Mcf. The corrected unit cost of gas for January, February, and March 2021 should be \$2.8540 per Mcf, \$4.3061 per Mcf, and \$2.7336 per Mcf, respectively, which results in a total cost difference for the three-month period to be \$8,190.68. This produces a current quarter ACA of \$.2687 per Mcf and a total ACA of \$1.9452 per Mcf, which is an increase of \$1.1213 per Mcf from its previous total ACA of \$.8239 per Mcf.

5. Valley Gas's corrected GCR rate is \$5.9436 per Mcf, which is an increase of \$2.8290 per Mcf from the previous GCR rate of \$3.1146 per Mcf.

6. The rate set forth in the Appendix A to this Order is fair, just and reasonable and should be approved for service rendered by Valley Gas on and after July 1, 2021.

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. 2018-00177⁷ as it pertains to the calculation of the future GCR rate.

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.

⁶ Valley Gas has a special contract with its only industrial customer that excludes its natural gas usage and sales from the GCR rate calculation.

⁷ Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 19, 2018).

9. The Commission finds that Valley Gas should file responses to the requests for information set forth in Appendix B to this Order when it files its next GCR report for rates effective for the October 2021 billing cycle.

a. Pursuant to the Commission's Orders in Case No. 2020-00085,⁸ issued March 16, 2020, and March 24, 2020, Valley Gas SHALL NOT FILE the original paper copy of all requested information at this time, but rather shall file original paper copies within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

b. Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. Valley Gas shall make timely amendment to any prior response if it obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

⁸ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1-3.

d. For any request to which Valley Gas fails or refuses to furnish all or part of the requested information, Valley Gas shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

e. Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

f. When filing a paper containing personal information Valley Gas shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that the personal information cannot be read.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Valley Gas are denied.
2. The rates set forth in the Appendix A to this Order are approved for service rendered on and after July 1, 2021.
3. Valley Gas's future GCR reports shall include the information required in finding paragraph 7.
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.
5. Valley Gas shall file responses to the requests for information set forth in Appendix B to this Order when it files its next GCR report for rates effective for the October 2021 billing cycle.

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

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By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00200 DATED JUN 23 2021

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	\$5.9436	\$8.9497

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00200 DATED JUN 23 2021

1. Provide a customer billing history report for a random Valley Gas residential customer for each month in the 12-month reporting period ended June 30, 2021. Redact any personal information from the report, such as customer name, customer address, and any additional identifiable information. The report should be sure to include the monthly usage, the rates billed, the meter reading dates, and the GCR rate billed.
2. Provide the invoice or storage summary report for September 2020.

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