

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-------------------------------------|---|------------|
| ELECTRONIC PURCHASED GAS ADJUSTMENT |) | CASE NO. |
| FILING OF VALLEY GAS, INC. |) | 2023-00065 |

ORDER

On February 22, 2023, 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 April 1, 2023. Valley Gas's previous GCR rate was approved in Case No. 2022-00411.¹

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 rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.²

¹ Case No. 2022-00411, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Dec. 22, 2022).

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

DISCUSSION

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that Valley Gas's GCR report includes a revised rate designed to pass on to its customers its expected change in gas costs. Valley Gas's GCR report sets out an Expected Gas Cost (EGC) of \$2.8617 per Mcf, which is a decrease of \$1.9587 per Mcf from the previous EGC of \$4.8204 per Mcf. Valley Gas's GCR report sets out no Refund Adjustment. Valley Gas's GCR report sets out a current quarter Actual Cost Adjustment (ACA) of \$0.4105 per Mcf. Valley Gas's total ACA is \$0.5995 per Mcf, which is a decrease of \$0.3357 per Mcf from the previous total ACA of \$0.9352 per Mcf.

Based on the calculations above, the Commission finds that Valley Gas's GCR rate is \$3.4612 per Mcf, which is a decrease of \$2.2944 per Mcf from the previous GCR rate of \$5.7556 per Mcf. 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 Valley Gas on and after April 1, 2023.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Valley Gas 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. Valley Gas's future GCR reports shall also include the additional data information previously provided as a supplemental filing on June 13, 2018, in Case No. 2018-00177³ as it pertains to the calculation of the future GCR rate along with the monthly storage injection and withdrawal information from Constellation. Should Valley Gas

³ Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 19, 2018).

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 and set forth in the Appendix to this Order are approved for service rendered on and after April 1, 2023.

2. Valley Gas's 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, 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.

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

PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00065 DATED MAR 30 2023

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 | \$3.4612 | \$6.4673 |

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