

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF VALLEY GAS, INC.)	2024-00175

ORDER

On May 30, 2024, Valley Gas, Inc. (Valley Gas) filed its quarterly Gas Cost Recovery (GCR) rate report with a proposed effective date of July 1, 2024.

In Case No. 2022-00315,¹ the Commission discovered that Valley Gas had not been properly implementing the special contract between it and its industrial customer, Mago Construction Company (Mago), as approved by the Commission in Case No. 2014-00368.² The special contract granted Valley Gas a deviation in its GCR rate calculation to exclude Mago purchases and sales should Mago purchase natural gas from a source other than Valley Gas. The industrial customer's gas supply costs and gas purchases were removed from the GCR rate calculation in Case No. 2018-00089.³ However, up to this current point, Mago has only procured its natural gas from Valley Gas and never from a separate source. During an Informal Conference between Valley Gas and Commission Staff in Case 2022-00315, it was determined that Valley Gas has charged Mago a GCR

¹ Case No. 2022-00315, *Electronic Application of Valley Gas, Inc. for an Alternative Rate Adjustment* (Ky. PSC Aug. 18, 2023), Order at 6.

² Case No. 2014-00368, *Valley Gas, Inc. Request for Approval of a Special Contract with Mago Construction Company and a Deviation from the Gas Cost Adjustment Clause* (Ky. PSC Oct. 28, 2014).

³ Case No. 2018-00089, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (filed Mar. 5, 2018).

rate despite having its sales and purchases excluded from the calculation.⁴ The Commission opened Case No. 2023-00331, an investigation to determine the amount of purchased gas cost revenue that has been under- or over-collected since the industrial customer's gas supply costs were removed from the GCR rate calculation.⁵ The Commission finds that the proposed GCR rate report as filed by Valley Gas in this case excludes gas purchases and sales from Mago and that an investigation is necessary to determine the reasonableness of the proposed GCR rate.

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable. Having reviewed the proposed GCR rate report and being otherwise sufficiently advised, the Commission finds that an investigation cannot be completed before July 1, 2024. Therefore, pursuant to KRS 278.190(2), the Commission will suspend the effective date of the proposed GCR rates for one day until July 2, 2024, to give the Commission time to investigate the proposed GCR rates, and to allow Valley Gas to begin charging the GCR rates, pending a final Order and subject to refund, provided it provides written notice to the Commission of its intention to do so as required by KRS 278.190(2).

The Commission directs Valley Gas to the Commission's July 22, 2021 Order in Case No. 2020-00085⁶ in which the Commission mandated the use of electronic filing

⁴ Case No. 2022-00315, *Electronic Application of Valley Gas, Inc. for an Alternative Rate Adjustment* (filed Apr. 17, 2023), Informal Conference Memo, paragraph 3.

⁵ Case No. 2023-00331, *Electronic Investigation Into Valley Gas, Inc. for an Alleged Failure to Comply with Commission Orders and KRS 278.160* (Ky. PSC Oct. 26, 2023), Order.

⁶ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

procedures listed in 807 KAR 5:001, Section 8. The Commission finds that electronic filing procedures should be used, consistent with the filing procedures set forth in Case No. 2020-00085.

IT IS THEREFORE ORDERED that:

1. Valley Gas's proposed GCR rates are suspended for one day, to July 2, 2024.

2. Valley Gas's proposed GCR rates may be placed in effect by Valley Gas on or after July 2, 2024, pending the final Order in this matter and subject to refund, provided Valley Gas files written notice to the Commission of its intention to do so as required by KRS 278.190(2).

3. If Valley Gas files notice of its intention to place the proposed GCR rates into effect after the end of the suspension period, Valley Gas shall maintain its records in such manner as will allow it, the Commission, or any customer to determine the amounts to be refunded and to whom in the event a refund is ordered upon final resolution of this matter.

4. Valley Gas shall respond to all requests for information propounded by Commission Staff as provided in those requests.

5. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding, which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to

intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding the potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

6. Valley Gas shall give notice of the hearing in accordance with the provisions set forth in 807 KAR 5:001, Section 9(2). In addition, the notice of the hearing shall include the following statements: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov" and "Public comments may be made at the beginning of the hearing. Those wishing to make oral public comments may do so by following the instructions listed on the PSC website, psc.ky.gov." At the time publication is requested, Valley Gas shall forward a duplicate of the notice and request to the Commission.

7. At any public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

8. Any hearing scheduled in this matter shall be held on the designated day or days and continued until called from the bench by the presiding officer. Pursuant to 807 KAR 5:001, Section 2, if the hearing is not concluded on the designated day, the hearing shall be continued upon verbal announcement by the presiding officer. A verbal announcement made by the presiding officer shall be proper notice of the continued hearing.

9. Witnesses who sponsor schedules, testimony, or responses to requests for information shall participate in person at any hearing scheduled in this matter.


10. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.

11. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of times with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

12. The Commission does not look favorably upon motions to excuse witnesses from testifying at Commission hearings. Accordingly, motions to excuse a witness from testifying at a Commission hearing or from testifying in person at a Commission hearing shall be made in writing and will be granted only upon a showing of good cause.

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PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
JUN 28 2024
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

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