

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT        )  
FILING OF VALLEY GAS, INC.        )     CASE NO. 2014-00188

ORDER

On November 5, 2013, in Case No. 2013-00150,<sup>1</sup> the Commission approved rates for Valley Gas, Inc. ("Valley Gas") and provided for their further adjustment on a quarterly basis in accordance with Valley Gas's Purchased Gas Cost Adjustment clause.

On June 5, 2014, Valley Gas filed its Gas Cost Recovery ("GCR") rate application to be effective July 1, 2014.

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

1. Valley Gas's notice includes a revised rate designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley Gas's proposed Expected Gas Cost ("EGC") is \$6.0252 per Mcf. Valley's EGC calculation did not include the Btu conversion necessary to convert its supplier's rate per Dth to a rate set out in Mcf. Correcting this produces an EGC of \$6.0595 per Mcf, which is a decrease of \$.2399 per Mcf from the previous EGC of \$6.2994 per Mcf.

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<sup>1</sup> Case No. 2013-00150, Application of Valley Gas, Inc. for an Alternative Rate Adjustment (Ky. PSC Nov. 5, 2013).

3. Valley Gas's notice sets out no current quarter Refund Adjustment.

4. Valley Gas's notice sets out a current quarter Actual Cost Adjustment ("ACA") of \$.4589 per Mcf. Valley Gas did not use the \$6.0530 per Mcf interim EGC in effect for the month of March in calculating its current quarter ACA. Correcting this produces a current quarter ACA of \$.3095 per Mcf. Valley Gas's corrected total ACA is \$.2492 per Mcf, which is an increase of \$.5985 per Mcf from its previous total ACA (\$.3493) per Mcf.

5. Valley Gas's corrected GCR is \$6.3087 per Mcf, which is an increase of \$.3586 per Mcf from the previous GCR of \$5.9501 per Mcf.

6. The rate in the Appendix to this Order is fair, just, and reasonable and should be approved for service rendered by Valley Gas on and after July 4, 2014. Valley Gas did not provide 30 days' notice for rates to be effective July 1, 2014.

IT IS THEREFORE ORDERED that:

1. The rate proposed by Valley Gas is denied

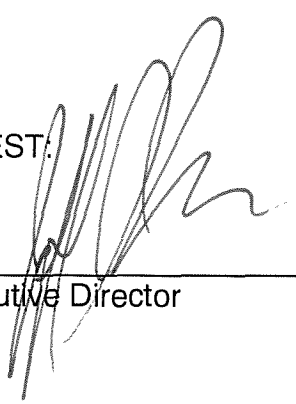
2. The rate in the Appendix attached hereto and incorporated herein is approved for service rendered on and after July 4, 2014.

3. Within 20 days of the date of this Order, Valley 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.

By the Commission

ENTERED  
JUN 30 2014  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:



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Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2014-00188 DATED **JUN 30 2014**

The following rates and charges are prescribed for the customers served by Valley Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

RATES:

Customer Charge	\$15.00		
	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$3.0061	\$6.3087	\$9.3148

Kerry R Kasey  
Secretary  
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