

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT) CASE NO. 2011-00210
FILING OF VALLEY GAS, INC.)

O R D E R

On March 29, 2006, in Case No. 2006-00012,¹ the Commission approved rates for Valley Gas, Inc. ("Valley") and provided for their further adjustment on a quarterly basis in accordance with Valley's Gas Cost Recovery ("GCR") clause.

On June 17, 2011, Valley filed its GCR to be effective July 1, 2011, and included with its application a request for a waiver of the 30-day notice requirement.

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

1. Valley's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley's proposed Expected Gas Cost ("EGC") is \$6.0339 per Mcf, which is an increase of \$.7399 per Mcf from its previous EGC of \$5.2940.
3. Valley's notice sets out no current quarter Refund Adjustment.

¹ Case No. 2006-00012, Application of Valley Gas, Inc. for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC Mar. 29, 2006).

4. Valley's notice sets out a current quarter Actual Adjustment ("AA") of (\$.0837) per Mcf. Valley failed to include its current AA in the calculation of the total AA. Correcting this produces a total AA of (\$2.1095) per Mcf, which is \$.0837 per Mcf less than its previous total AA of (\$2.0258) per Mcf.

5. Valley's GCR is \$3.9244 per Mcf, which is \$.6562 per Mcf more than the previous rate of \$3.2682.

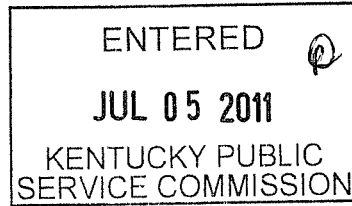
6. Valley proposes to place its GCR into effect on July 1, 2011. Having failed to provide the Commission with 30 days' notice of the proposed rate change, it requests that the Commission waive this requirement. As the requirement for 30 days is set forth in KRS 278.180(1), the Commission lacks the authority to grant this request. KRS 278.180 permits the Commission to shorten the notice period to 20 days. Good cause exists to shorten the notice period.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be effective for billing for service rendered by Valley on and after July 7, 2011.

IT IS THEREFORE ORDERED that:

1. Valley's proposed rates are denied.
2. Valley's request to reduce the notice period from 30 days to 13 days is denied.
3. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after July 7, 2011.
4. Within 20 days of the date of this Order, Valley shall file its revised tariffs with this Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00210 DATED **JUL 05 2011**

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 this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
All Mcf	\$2.3819	\$3.9244	\$6.3063

Kerry R Kasey
Secretary
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