

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT) CASE NO. 2011-00476
FILING OF VALLEY GAS, INC.)

O R D E R

On July 5, 2011, in Case No. 2011-00010,¹ 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 Gas Cost Recovery ("GCR") clause.

On December 8, 2011, Valley Gas filed its GCR to be effective January 1, 2012.

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

1. Valley Gas's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley Gas's proposed Expected Gas Cost ("EGC") is \$5.3631 per Mcf, which is a decrease of \$.0242 per Mcf from its previous EGC of \$5.3873.
3. Valley Gas's notice sets out no current quarter refund adjustment.
4. Valley Gas's notice sets out a current quarter Actual Adjustment ("AA") of (\$.0101) per Mcf. Valley made an error in adjusting its sales volumes for line loss for the calculation of the Unit Cost of Gas. Correcting this error results in a current quarter AA of (.0174) per Mcf. Valley's total AA is (\$1.8979) per Mcf, which is \$.2204 per Mcf

¹ Case No. 2011-00010, Application of Valley Gas, Inc. for Alternative Rate Filing Adjustment (Ky. PSC July 5, 2011).

more than its previous total AA of (\$2.1183) per Mcf. The total AA reflects the exclusion of an expiring previous quarter AA of (\$.2378) which Valley had included in its calculation.

5. Valley Gas's GCR is \$3.4652 per Mcf, which is \$.1962 per Mcf more than the previous rate of \$3.2690.

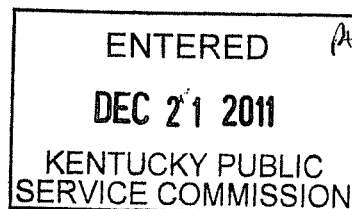
6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be effective for billing for service rendered by Valley Gas on and after January 7, 2012. Valley did not give the 30 days' notice required for its rate change to be effective January 1, 2012.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after January 7, 2012.

2. Within 20 days from the date of this Order, Valley Gas 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. 2011-00476 DATED **DEC 21 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:

Customer Charge \$10.00

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
All Mcf	\$2.7544	\$3.4652	\$6.2196

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Secretary
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