

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF VALLEY) CASE NO. 6902-V
GAS, INC.)

O R D E R

On February 12, 1978, the Commission issued its Order in Case No. 6902 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On July 19, 1985, Valley Gas, Inc., ("Valley") notified the Commission that its wholesale cost of gas would be revised by its supplier, Texas Gas Transmission Corporation ("Texas Gas"), and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) On June 21, 1985, Texas Gas filed revised rates with the Federal Energy Regulatory Commission to be effective July 1, 1985. On June 28, 1985, Texas Gas filed additional rates to be effective August 1, 1985.

(2) Valley's notice of July 19, 1985, proposed rates to be effective July 1, 1985, and August 1, 1985, to track its supplier's revised rates.

(3) Texas Gas's one-month adjustment in rates will result in a decrease for Valley of 23 cents per Mcf for the month of July. Texas Gas's subsequent adjustment effective August 1, 1985, will result in a 13 cents per Mcf increase over Valley's July rates. The net effect on the current rate will be a decrease of 10.64 cents.

(4) Valley should report to the Commission any excess revenues collected during the period from July 1, 1985, to the date the proposed rates are implemented, along with a plan to refund any excess collections to its customers.

(5) Valley's adjustments in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 6902 dated February 12, 1978, is fair, just and reasonable and in the public interest.

IT IS THEREFORE ORDERED that the rates in Appendix A be and they hereby are authorized effective with gas supplied on and after July 1, 1985.

IT IS FURTHER ORDERED that the rates in Appendix B be and they hereby are authorized effective with gas supplied on and after August 1, 1985.

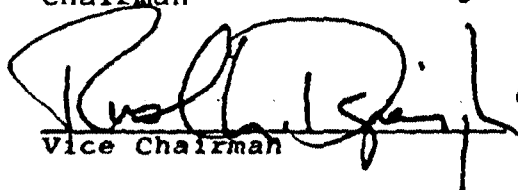
IT IS FURTHER ORDERED that within 30 days of the date of this Order Valley shall report to the Commission any excess revenues collected during the period from July 1, 1985, to the date the proposed rates are implemented, along with a plan to refund any excess collections.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Valley shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 9th day of August, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

did not participate
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 6902-V DATED 8/9/85

The following rates and charges are prescribed for the period of July 1, 1985, to July 31, 1985, 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:

| | |
|--------------------------|----------------------------|
| All Mcf consumed over 1 | \$4.133 per Mcf |
| Minimum charge (0-1 Mcf) | \$4.14 per meter per month |

The base rate for the future application of the purchased gas adjustment clause of Valley Gas, Inc., shall be:

| | <u>Commodity</u> |
|------------------------------|------------------|
| Texas Gas Transmission Corp. | 3.5668¢ per Mcf |

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 6902-V DATED 8/9/85

The following rates and charges are prescribed effective August 1, 1985, 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:

| | |
|--------------------------|------------------|
| All Mcf Consumed Over 1 | \$4.2587 per Mcf |
| Minimum Charge (0-1 Mcf) | \$4.27 per Mcf |

The base rate for the future application of the purchased gas adjustment clause of Valley Gas, Inc., shall be:

| | <u>Commodity</u> |
|------------------------------------|------------------|
| Texas Gas Transmission Corporation | \$3.6925 |