

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF VALLEY) CASE NO. 9689-B
GAS, INC.)

O R D E R

On July 21, 1987, the Commission issued its Order in Case No. 9689 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 January 20, 1988, Valley Gas, Inc., ("Valley") notified the Commission that its wholesale cost of gas had been increased by its supplier, Texas Gas Transmission Corporation ("Texas Gas"), effective February 1, 1988, 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) Valley's notice of January 20, 1988, set out certain revisions in rates which Valley proposed to place into effect, said rates being designed to pass on a wholesale increase in price from its supplier in the amount of \$348 or .65 cents per Mcf.

(2) Texas Gas filed an application for increased rates with the Federal Energy Regulatory Commission to become effective February 1, 1988. This increase is subject to refund, so Valley's increase should be subject to refund.

(3) A legislative change in KRS Chapter 278, effective July 5, 1986, requires 30 days notice of a change in rates with the Commission having the discretion to shorten the required period to 20 days upon showing of good cause. Reduction in rates will, as always, be made effective with the date of the supplier decrease. Increases in rates will be effective with 20 days notice providing that: 1) the effective date from the supplier is not more than 20 days in the future, in which case the actual effective date will be used; and 2) the company has included in its filing a specific request that a tariff sheet or some other notification from the supplier be considered a showing of good cause for 20 days notice. Valley included no request for a showing of good cause for 20 days notice. The effective date will, therefore, be 30 days after Valley's notice, or February 19, 1988.

(4) Valley's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9689 dated July 21, 1987, is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after February 19, 1988, subject to refund.

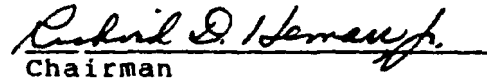
IT IS THEREFORE ORDERED that:

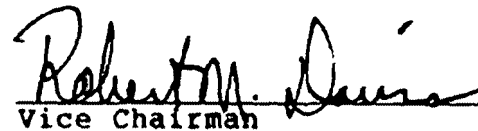
(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after February 19, 1988, subject to refund.

(2) 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 18th day of February, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9689-B DATED 2/18/88

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:

| | |
|-----------------|------------------|
| All Mcf | \$3.88 Per Mcf |
| Customer Charge | \$3.00 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 Corporation | \$3.0887 Per Mcf |