

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)
ADJUSTMENT FILING OF VALLEY) CASE NO. 89-103-B
GAS, INC.)

O R D E R

On November 9, 1989, the Commission issued its Order in Case No. 89-103 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 May 31, 1991, Valley Gas, Inc. ("Valley") filed its quarterly gas cost adjustment ("GCA"), which is to become effective July 1, 1991 and is to remain in effect until October 1, 1991.

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

1. Valley's notice of May 31, 1991 set out certain revisions in rates which Valley proposed to place into effect, said rates being designed to pass on to its customers its wholesale decrease in gas cost from its suppliers. Valley's proposed expected gas cost ("EGC") was not BTU-adjusted. Using the BTU conversion factor of 1025 contained in Valley's 1990 annual report, the resulting EGC for the quarter beginning July 1, 1991 is \$2.9526 per Mcf.

2. Valley's notice set out a refund adjustment in the amount of 57.09 cents per Mcf to return supplier refunds, including interest, of \$28,716 to its customers.

3. Valley's notice included no actual adjustment. This adjustment will be unavailable to Valley until its GCA clause has been in effect for 2 quarters.

4. The combined effect of the above adjustments is Valley's gas cost recovery rate ("GCR") in the amount of \$2.3817 per Mcf, which is a decrease of \$1.4166 per Mcf from its last approved rates.

5. Valley's corrected adjustment in rates, set out in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 89-103 dated November 9, 1989 is fair, just, and reasonable, in the public interest, and should be effective with service rendered on and after July 1, 1991.

IT IS THEREFORE ORDERED that:

1. Valley's proposed adjustment in rates is denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with service rendered on and after July 1, 1991.

3. 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 1st day of July, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-103-B DATED 7/01/91

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 Recovery Rate</u>	<u>Total</u>
Customer Charge			\$3.40
All Mcf	\$1.0628	\$2.3817	\$3.4445