

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)
ADJUSTMENT FILING OF VALLEY) CASE NO. 92-407-C
GAS, INC.)

O R D E R

On April 6, 1993, in Case No. 92-407 the Commission approved certain adjusted rates for Valley Gas, Inc. ("Valley") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On March 23, 1994, Valley filed an out-of-cycle GCA to be effective May 1, 1994 until July 1, 1994.

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

1. Valley's notice proposed revised rates designed to pass on expected increased wholesale gas cost to its customers. Valley's expected gas cost is \$3.3853 per Mcf.

2. Valley's notice contained no refund adjustment.

3. Valley's notice set out an incorrect current quarter actual adjustment ("AA"). The correct adjustment of 26.03 cents per Mcf recoups unrecovered gas cost from July 1993 through December 1994. The total AA of (1.22) cents per Mcf reflects the current underrecovery as well as under- and over-collections from previous quarters.

4. Valley's notice set out a current balance adjustment ("BA") of (.36) cent per Mcf to reconcile variances from previous AAs. The total BA of (2.29) cents per Mcf reflects the current and previous adjustments.

5. These adjustments produce a corrected gas cost recovery rate of \$3.3502 per Mcf, 81.08 cents higher than the prior rate.

6. The corrected rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be effective for service rendered on and after May 1, 1994.

IT IS THEREFORE ORDERED that:

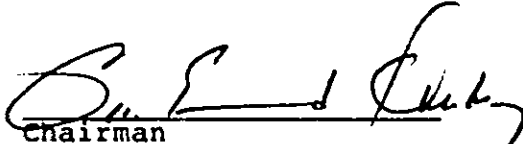
1. Valley's proposed rate adjustment be and it hereby is denied.

2. The rates in the Appendix to this Order are fair, just, and reasonable and are effective for service rendered on and after May 1, 1994.

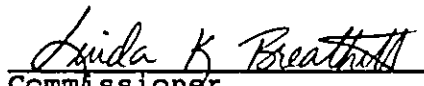
3. Within 30 days of the date of this Order, Valley shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 4th day of May, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-407-C DATED MAY 4, 1994

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			\$4.00
All Mcf	\$1.6451	\$3.3502	\$4.9953