

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

On April 6, 1992, in Case No. 92-407, the Commission approved certain rates for Valley Gas, Inc. ("Valley") and provided by tariff for their further adjustment on a quarterly basis in accordance with Valley's Gas Cost Adjustment ("GCA") clause.

On January 19, 2001, Valley filed an interim GCA to be effective February 1, 2001. Valley cited an increase in gas supply cost from its supplier as the reason for the interim filing.

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 costs to its customers. Valley's proposed expected gas supply cost is \$11.0623 per Mcf, which is \$3.5870 per Mcf more than the previous expected gas supply cost of \$7.4753.

2. Valley has no current supplier refunds to return to its customers.

3. Valley's notice set out no current quarter actual adjustment ("AA"). Valley's total AA of 40.83 cents per Mcf, already in effect from its last filing, is designed to collect under-recovered gas cost from May 1997 through June 2000. Valley's AA will remain in effect for 24 months.

4. Valley's notice set out no Balance Adjustment ("BA"). This represents no change from the prior quarter.

5. These adjustments produce a gas cost adjustment of \$11.4706 per Mcf, \$3.5870 per Mcf more than the prior gas cost adjustment of \$7.8836 per Mcf.

6. The rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after February 18, 2001. Valley did not give sufficient notice for rates to be effective February 1, 2001.

IT IS THEREFORE ORDERED that:

1. The rate in the Appendix to this Order is fair, just, and reasonable and is effective for gas supplied on and after February 18, 2001.

2. 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 16th day of February, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-407-G DATED FEBRUARY 16, 2001

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 Adjustment</u>	<u>Total</u>
Customer Charge			\$4.25
All Mcf	\$1.9473	\$11.4706	\$13.4179