

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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 February 27, 2001, Valley filed its GCA to be effective from April 1, 2001 through June 30, 2001.

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 decreased wholesale gas costs to its customers. Valley's proposed expected gas supply cost is \$7.0210 per Mcf, which is \$4.0413 per Mcf less than the previous expected gas supply cost of \$11.0623.

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 should have calculated its AA for the period October through December 2000. Calculating the adjustment for this period results in an AA of 49.97 cents per Mcf. Valley proposed a total AA of 40.83 cents per Mcf, designed to collect under-recovered

gas cost from May 1997 through June 2000, which will remain in effect for 24 months. Including the current AA, Valley's total AA is 90.80 cents per Mcf.

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 \$7.929 per Mcf, \$3.5416 per Mcf less than the prior gas cost adjustment of \$11.4706 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 April 1, 2001.

IT IS THEREFORE ORDERED that:

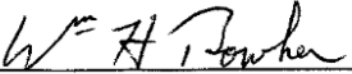
1. The rates in the Appendix to this Order are fair, just, and reasonable and is effective for gas supplied on and after April 1, 2001.

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 20th day of March, 2001.

By the Commission

ATTEST:

Deputy 
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-407-H DATED MARCH 20, 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	\$7.929	\$9.8763