

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)	
ADJUSTMENT FILING OF VALLEY)	CASE NO. 2006-00185
GAS, INC.)	

O R D E R

On March 29, 2006, in Case No. 2006-00012,¹ the Commission approved rates for Valley Gas, Inc. (“Valley”) and provided for their further adjustment on a quarterly basis in accordance with Valley’s gas cost recovery (“GCR”) clause.

On May 5, 2006, Valley filed its GCR to be effective June 1, 2006.

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

1. Valley’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley’s proposed expected gas cost (“EGC”) is \$9.0829 per Mcf, which is a decrease of \$5.7999 per Mcf from its previous EGC of \$14.8828.
3. Valley’s notice sets out no current quarter refund adjustment (“RA”).
4. Valley’s notice sets out a current quarter actual adjustment (“AA”) of 14.98 cents per Mcf. Valley failed to include its prior quarter AA of (49.89) cents per Mcf. Correcting for this produces a total AA of (34.91) cents per Mcf, which is 14.98 cents per Mcf more than its previous total AA.

¹ Case No. 2006-00012, The Application of Valley Gas, Inc. for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities, Order dated March 29, 2006.

5. Valley's notice sets out no current quarter Balance Adjustment ("BA").
Valley's notice sets out no total BA, which is no change from its previous total BA.

6. Valley's GCR is \$8.7338 per Mcf, which is \$5.6501 per Mcf less than the previous rate of \$14.3839.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be effective for billing for service rendered by Valley on and after June 1, 2006.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Valley are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after June 1, 2006.
3. Within 20 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 25th day of May, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00185 DATED May 25, 2006

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			\$6.50
All Mcf	\$2.3819	\$8.7338	\$11.1157