

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT) CASE NO. 2012-00399
FILING OF VALLEY GAS, INC.)

ORDER

On July 5, 2011, in Case No. 2011-00010,¹ the Commission approved rates for Valley Gas, Inc. ("Valley Gas") and provided for their further adjustment on a quarterly basis in accordance with Valley Gas's Gas Cost Recovery ("GCR") clause.

On September 4, 2012, Valley Gas filed its GCR to be effective October 1, 2012.

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

1. Valley Gas's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley Gas's proposed Expected Gas Cost ("EGC") is \$4.0419 per Mcf, which is an increase of \$.4647 per Mcf from its previous EGC of \$3.5772 per Mcf.
3. Valley Gas's notice sets out no current quarter Refund Adjustment.
4. Valley Gas's notice sets out a current quarter Actual Adjustment ("AA") of (\$.1607) per Mcf. Valley's total AA is (\$1.7542) per Mcf, which is \$.1519 per Mcf less than its previous total AA of (\$1.6023) per Mcf.

¹ Case No. 2011-00010, Application of Valley Gas, Inc. for Alternative Rate Filing Adjustment (Ky. PSC July 5, 2011).

5. Valley Gas's GCR is \$2.2877 per Mcf, which is \$.3128 per Mcf more than the previous rate of \$1.9749 per Mcf.

6. The rates in the Appendix to this Order are fair, just, and reasonable and should be effective for service rendered on and after October 4, 2012. Valley did not give the 30 days' notice required for its increase in rates to be effective October 1, 2012.

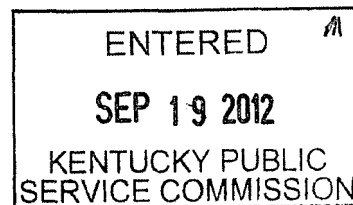
IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for service rendered on and after October 4, 2012.

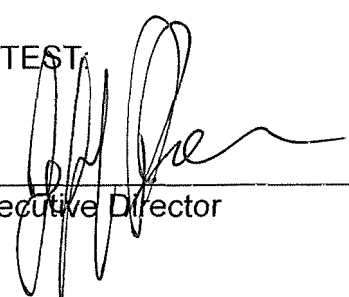
2. Within 20 days from the date of this Order, Valley Gas shall file its revised tariff sheets with the Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission

Commissioner Breathitt is abstaining from this proceeding.



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00399 DATED **SEP 19 2012**

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:

Customer Charge	\$10.00		
	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
All Mcf	\$2.7544	\$2.2877	\$5.0421

SUMMARY OF PURCHASED GAS ADJUSTMENT FILING
for Valley Gas, Inc.

Case No.: 2012-00399
Filing Date: September 4, 2012
Proposed Effective Date: October 1, 2012
Approved Effective Date: October 4, 2012

Wholesale Gas Suppliers: Atmos Energy Marketing

Wholesale Rate: Increased \$.4647 per Mcf
Retail Rate: Increased \$.3128 per Mcf

Components of Total Gas Cost Adjustment:

Expected Gas Cost	\$ 4.0419
Refund Adjustment	-----
<u>Actual Adjustment</u>	<u>(1.7542)</u>
Gas Cost Adjustment	\$ 2.2877

Prepared by: Leah Faulkner

Date: September 17, 2012

Kerry R Kasey
Secretary
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