

January 14, 2006

Mr. Mark David Goss
Chairman, KY Public Service Commission
P. O. Box 615
211 Sower Boulevard
Frankfort, KY 40602-0615

Dear Mr. Goss:

This letter is based on concerns that I have about the rising cost of gas heating.

I live in Irvington, a small city in Breckinridge County, with a population of 1,257. The majority of the residents in this small city are made up of senior citizens and people with low incomes. I am a city councilmember and an Emergency Medical Technician (EMT) and I am making a voice for the residents of this city.

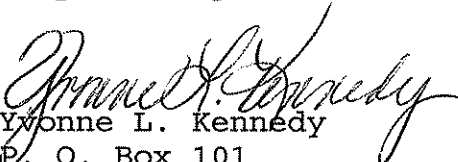
The gas heating bills that were due in December, 2005 were quite high. Then when residents received their most recent bill, some doubled or even tripled the amount of the bill in December. For example, going from \$180 to \$365-\$450. I called Valley Gas, Inc. to find out what had happened, and their explanation was that they had raised the rate the last two months with permission from the Kentucky Public Service Commission. Then, I saw in the local newspaper this past week that the gas company is seeking approval for an adjustment for an even higher minimum rate (advertisement attached). Did the personnel from your office that came to Valley Gas, Inc. a few months ago ever stop to think what a hardship this would put on the people in this small community by granting an increase two months in a row during the winter months?

One of my concerns is that Valley Gas, Inc. waited to raise the rates until residents had to use more gas. Another concern I have is that these senior and low income residents are going to have a hard time paying the bills they just received. Then what is going to happen if the gas company gets their approval for a rate increase? However, my biggest concern is about those who will not be able to pay their gas bill that they just received. The gas company will not have a problem with turning off their gas for non-payment, and then, should we have a cold snap, what will happen to these residents? I do know there are programs available to help with this type of crisis. I had one senior tell me that she applied with Communicare to get help

with her gas bill and was told that she made \$109 too much -
what a shame.

I would appreciate it if you would please look into this
matter, and also consider whether or not you would want to
approve their request for a rate increase. Thank you for
your time.

Respectfully,



Yvonne L. Kennedy
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Irvington, KY 40146
(270) 547-3896 - Home
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Enclosure

Valley Gas, Inc.

NOTICE

Notice is hereby given that Valley Gas, Inc. is seeking approval by the Kentucky Public Service Commission, Frankfort, Kentucky, for an adjustment of rates to become effective on or after 02/01/06, in the total amount of \$44,365 on an annual basis. The proposed rates reflect an increase in revenues of approximately 9.82 percent to Valley Gas, Inc. The proposed amount of increase to the existing rates and charges is as follows:

| | <u>Existing</u> | <u>Proposed</u> | <u>Dollar Amt. of Increase</u> | <u>Percentage Increase</u> |
|--------------------------------|-----------------|-----------------|------------------------------------|--------------------------------|
| Customer Charge | \$6.50 | \$8.50 | \$2.00 | 30.77% |
| Base Rate per Mcf ¹ | \$2.3189 | \$3.1272 | \$0.8083 | 31.29% |
| Collection Fee | \$7.50 | \$15.00 | \$7.50 | 100.00% |
| Returned Check Charge | | \$25.00 | \$25.00 | 100.00% |

¹ This does not include the gas cost adjustment which recovers the cost of Valley Gas Inc.'s wholesale natural gas purchases.

The effect of the proposed increase on the bill of an average customer using 7 MCF per month is an increase per month of \$7.67. Based on Valley Gas Inc.'s latest gas cost adjustment filing, an average customer's bill will increase from \$122.24 to \$129.91.

The rates contained in this notice are the rates proposed by Valley Gas, Inc. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the motion, including the status and interest of the party moving.

Copies of the application may be obtained at no charge from Valley Gas, Inc., P.O. Box 55, Irvington, KY 40146. Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.