

4. Valley Gas's notice sets out a current quarter Actual Adjustment ("AA") of (\$.2624) per Mcf. This AA should be adjusted to reflect amounts returned to and collected from customers through the operation of two previous AAs that failed to expire from Valley Gas's rates due to its failure to file GCR applications since June 1, 2006. Adjusting for this net under-recovery produces a current AA of (\$.2378) per Mcf. Valley Gas's total AA is (\$1.7911) per Mcf, which is \$.2378 per Mcf less than its previous total AA of (\$1.5533) per Mcf.


6. Valley Gas's GCR is \$3.8109 per Mcf, which is \$.5819 per Mcf less than the previous rate of \$4.3928.

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 Gas on and after January 1, 2011.

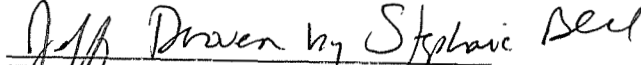
IT IS THEREFORE ORDERED that:

1. Valley Gas's proposed rates are denied.
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after January 1, 2011.
3. Within 20 days of the date of this Order, Valley Gas shall file its revised tariffs with this Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED 
DEC 27 2010
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2010-00462

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00462 DATED DEC 27 2010

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> |
|---------|------------------|--------------------------------|--------------|
| All Mcf | \$2.3819 | \$3.8109 | \$6.1928 |

L. Kenneth Kasey
President
Valley Gas, Inc.
401 First Street
P. O. Box 55
Irvington, KY 40146