

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF VALLEY GAS, INC.)
FOR A RATE ADJUSTMENT PURSUANT TO THE) CASE NO.
ALTERNATIVE RATE FILING PROCEDURE) 92-407
FOR SMALL UTILITIES)

O R D E R

On November 13, 1992, Valley Gas, Inc. ("Valley Gas") filed its application for Commission approval of a proposed increase in its rates for gas service. The proposed rates for gas service would generate additional annual revenues of approximately \$30,400, an increase of 23 percent above normalized test-year revenues.

On December 9-10, 1992, Commission Staff conducted a financial review of Valley Gas's test-period financial records. Based upon this review, Commission Staff issued its report on March 8, 1993, recommending an increase of \$22,998 in annual revenues.

By Order entered March 8, 1993, the Commission directed Valley Gas to file comments on the Staff Report or request a hearing within 15 days of the date of the Order or the case would stand submitted for a decision. Valley Gas did not file written comments regarding the Staff Report or request a hearing.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this

proceeding and are incorporated by reference as if fully set out herein.

2. The rates proposed by Valley Gas in its application would produce revenue increases in excess of that found reasonable herein and should be denied upon application of KRS 278.030.

3. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Valley Gas. These rates are the rates recommended by the Commission Staff Report as adjusted to reflect all purchased gas adjustments through Case No. 89-103-F.¹ They will allow Valley Gas sufficient revenues to meet its operating expenses and provide for future equity growth, including provisions for servicing its debt.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Valley Gas in its application are hereby denied.

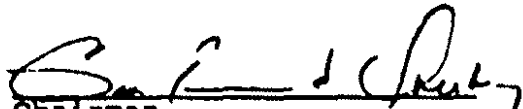
2. The rates contained in Appendix A are approved for service rendered by Valley Gas on and after the date of this Order.

3. Within 30 days of the date of this Order, Valley Gas shall file with the Commission its revised tariff setting out the rates approved herein.

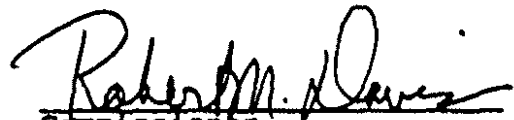
¹ Case No. 89-103-F, Notice of Purchased Gas Adjustment Filing of Valley Gas, Inc., Order dated March 26, 1993.

Done at Frankfort, Kentucky, this 6th day of April, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-407 DATED April 6, 1993.

The following rates and charges are prescribed for the customers in the area 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 Recovery Rate</u>	<u>Total</u>
Customer Charge			\$4.00
All Mcf	\$1.6451	\$2.8867	\$4.5318