

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF VALLEY GAS, INC.)	
FOR RATE ADJUSTMENT PURSUANT)	CASE NO.
TO THE ALTERNATIVE RATE FILING PROCEDURE)	95-231
FOR SMALL UTILITIES)	

O R D E R

On May 12, 1995, Valley Gas, Inc. ("Valley") 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 \$63,374, an increase of approximately 17 percent above test-year revenues.

In June 1995, Commission Staff conducted a field review of Valley's test-period financial records. Based upon this review, Commission Staff issued its report on October 6, 1995, recommending that Valley be allowed to increase its annual revenues by \$17,706.

By Order dated October 6, 1995, Valley was advised to file comments on the Staff Report or request a hearing no later than October 21, 1995 or the case would stand submitted to the Commission for decision. The Attorney General, by and through his Public Service Litigation Branch, intervened in this case and was advised to file his comments by November 10, 1995. Valley accepted Staff's recommendation by letter dated October 18, 1995. No response was received from the intervenor.

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 will produce revenues in excess of those found reasonable herein and should be denied.

3. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Valley and will produce 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. Valley's proposed rates are denied.

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

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

Done at Frankfort, Kentucky, this 4th day of December, 1995.

ATTEST:

Don Mills
Executive Director

PUBLIC SERVICE COMMISSION

Carl L. Puck
Chairman

Robert M. Davis
Vice Chairman

Linda K. Breathitt
Commissioner

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 95-231 DATED DECEMBER 4, 1995

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.

Monthly Customer Charge	\$4.25
All Mcf	\$5.2975 per Mcf