

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)
ADJUSTMENT FILING OF VALLEY) CASE NO. 2002-00469
GAS, INC.)

O R D E R

On March 14, 2001, in Case No. 2001-00009, the Commission approved rates for Valley Gas, Inc. (Valley) and provided for their further adjustment on a quarterly basis in accordance with Valley s gas cost adjustment (GCA) clause.

On December 13, 2002, Valley filed its GCA to be effective January 1, 2003. Valley requested a waiver of the 30-day notice requirement because of a delay in obtaining a locked-in rate for its gas supply. As KRS 278.180(1) permits the Commission to shorten the required notice period for good cause, the Commission finds the utility s request should be granted.

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

1. Valley s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley s proposed expected gas cost (EGC) is \$5.3437 per Mcf, which is an increase of \$1.2705 per Mcf from its previous EGC of \$4.0732.
3. Valley s notice sets out no current quarter refund adjustment (RA).
4. Valley s notice sets out a current quarter actual adjustment (AA) of (26.21) cents per Mcf. Valley s notice sets out a total AA of (26.21) cents per Mcf, which is 8.62 cents per Mcf less than its previous total AA.
5. Valley s notice sets out no Balance Adjustment.

6. Valley's GCA is \$5.0816 per Mcf, which is \$1.1843 per Mcf more than the previous rate of \$3.8973.

7. The rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be effective for service rendered by Valley on and after January 2, 2003. Valley did not provide sufficient notice for rates to be effective January 1, 2003.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for service rendered on and after January 2, 2003.

2. Within 20 days of the date of this Order, Valley shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 20th day of December, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00469 DATED December 20, 2002

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>
Customer Charge			\$6.50
All Mcf	\$2.3819	\$5.0816	\$7.4635