

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)	
ADJUSTMENT FILING OF VALLEY)	CASE NO. 2004-00359
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 September 7, 2004, Valley filed its GCA to be effective October 1, 2004. Valley requested a waiver of the 30-day notice requirement in order for rates to be effective October 1, 2004. As KRS 278.180(1) permits the Commission to shorten the required notice period for good cause, the Commission finds the 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 \$6.00 per Mcf, which is a decrease of 45.65 cents per Mcf from its previous EGC of \$6.4565.
3. Valley's notice sets out no current quarter refund adjustment.
4. Valley's notice sets out a current quarter actual adjustment ("AA") of (44.09) cents per Mcf. Valley used its GCA, rather than its EGC, to calculate the total

cost difference. Correcting for this error produces a current quarter AA of (\$1.2572) per Mcf. Valley's total AA is (\$1.2572) per Mcf, which is 67.95 cents per Mcf less than its previous total AA.

5. Valley's notice sets out no Balance Adjustment ("BA"). Valley's notice sets out no total BA, which is 25.41 cents per Mcf more than its previous total BA.

6. Valley's GCA is \$4.7428 per Mcf, which is 88.19 cents per Mcf less than the previous rate of \$5.6247.

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 on and after October 1, 2004.

IT IS THEREFORE ORDERED that:

1. Valley'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 October 1, 2004.
3. 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 29th day of September, 2004.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00359 DATED September 29, 2004

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	\$4.7428	\$7.1247