

Valley Gas, Inc.

PO Box 55  
Irvington, KY 40146  
Phone: (270) 547-2455  
igenergy@bbtel.com  
Fax: (270) 547-2464

RECEIVED  
MAR 10 2011  
PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen, Executive Director  
Executive Director, Public Service Commission  
PO Box 615 / 211 Sower Blvd.  
Frankfort, KY 40602

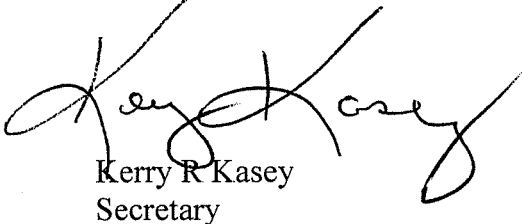
PUBLIC SERVICE COMMISSION

Gas Cost Adjustment Report

Dear Mr. Derouen:

Enclosed please find our Gas Cost Adjustment Application for the quarter beginning April 1 2011.

Sincerely,

  
Kerry R Kasey  
Secretary

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed: March 9, 2011

Date Rates to be Effective: April 1, 2011 thru June 30, 2011

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$4.9684
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$2.0258)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$2.9426

Rates to be effective for service rendered from March 1, 2011

A. EXPECTED GAS COST CALCULATION	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$200,075.73
/Sales for the 12 months ended	\$/Mcf	40,270.00
Expected Gas Cost	\$/Mcf	\$4.9684

B. REFUND ADJUSTMENT CALCULATION	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	\$0.0000
+Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
=Refund Adjustment (RA)	\$ Mcf	\$0.0000

C. ACTUAL ADJUSTMENT CALCULATION	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	(\$0.2347)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2378)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$1.5533)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
=Actual Adjustment (AA)	\$ Mcf	(\$2.0258)

D. BALANCE ADJUSTMENT CALCULATION	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	\$0.0000
+Previous Quarter Reported Balance Adjustment	\$/Mcf	
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
=Balance Adjustment (BA)	\$ Mcf	\$0.0000

SCHEDULE II  
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended June 30, 2009

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
ATMOS ENERGY			40,281	\$4.97	\$200,075.73
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals			40,281		\$200,075.73
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Line loss for 12 months ended 12/31/2010 is based on purchases of 40,281.00  
and sales of 40,270.00 Mcf. 0.03%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$200,075.73
/ Mcf Purchases (4)		40,281
= Average Expected Cost Per Mcf Purchased		\$4.9670
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		40,281.00
= Total Expected Gas Cost (to Schedule IA)		\$200,075.73

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Description	Unit	Amount
Supplier Refunds Received during 2 Month Period	\$	
Interest Factor (90 Day Commercial Paper Rate)		
Refunds Including Interest	\$	\$0.00
Divided by 12 Month Projected Sales Ended	Mcf	40,270.00
Current Supplier Refund Adjustment		0

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 12 month period ended December 1, 2010

Particulars	Unit	Dec-10	Nov-10	Oct-10
Total Supply Volumes Purchased	Mcf	8742	3637	1387
Total Cost of Volumes Purchased	\$	\$46,828.31	\$16,263.94	\$6,911.56
/ Total Sales *	Mcf	8,777.0	3,455.2	1,317.7
= Unit Cost of Gas	\$/Mcf	\$5.3353	\$4.7072	\$5.2454
- EGC in Effect for Month	\$/Mcf	\$5.9461	\$5.9461	\$5.9461
= Difference	\$/Mcf	(\$0.6108)	(\$1.2389)	(\$0.7007)
x Actual Sales during Month	Mcf	8,777.0	2,648.0	1,156.0
= Monthly Cost Difference	\$	(\$5,360.61)	(\$3,280.72)	(\$810.05)
Total Cost Difference		(\$9,451.37)		
/ Sales for 12 months ended		40,270.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.2347)		

\* May not be less than 95% of supply volume

Valley Gas - Irvington, KY

TGT Meter 1874

FAX (270) 547-2464



Summer-Winter 2010-11		
%	1-%	Fuel Factor
2.80%	0.9720	0.02881

Actual or Average 3 Yr USAGE	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
Volume to Purchase	756	836	773	851	1,387	3,637	8,742	9,012	5,942	4,571
Current Market Price	\$ 4.1550	\$ 4.7170	\$ 4.7740	\$ 3.6510	\$ 3.8370	\$ 3.2920	\$ 4.2670	\$ 4.2160	\$ 4.3160	\$ 3.7930
TGT Transport Fuel	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000
AEM-Invoice/Dth	\$ 5.1747	\$ 5.7529	\$ 5.8115	\$ 4.6562	\$ 4.8475	\$ 4.2868	\$ 5.2899	\$ 5.2374	\$ 5.3403	\$ 4.8023
Btu - Zone 3	1.0067	1.0080	1.0048	1.0059	1.0051	1.0050	1.0056	1.0073	1.0071	1.0071
Mcf Conversion	\$ 5.2091	\$ 5.7989	\$ 5.8394	\$ 4.6836	\$ 4.8721	\$ 4.3082	\$ 5.3197	\$ 5.2755	\$ 5.3783	\$ 4.8364
Ccf Conversion	\$ 0.0521	\$ 0.0580	\$ 0.0584	\$ 0.0468	\$ 0.0487	\$ 0.0431	\$ 0.0532	\$ 0.0528	\$ 0.0538	\$ 0.0484
	\$ 3,912.07	\$ 4,809.41	\$ 4,492.31	\$ 3,962.40	\$ 5,754.02	\$ 13,876.47	\$ 42,541.52	\$ 43,009.93	\$ 27,994.01	\$ 19,549.21
Volume Hedged	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
WACOG for Hedges	-	-	-	-	200	400	700	800	700	500
TGT Transport Fuel	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000
AEM-Invoice/Dth	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 5.7900	\$ 5.7900	\$ 5.7900	\$ 5.7900	\$ 5.7900	\$ 5.7900
Btu - Zone 3	1.0067	1.0080	1.0048	1.0059	1.0051	1.0050	1.0056	1.0073	1.0071	1.0071
Mcf Conversion	\$ 0.9060	\$ 0.9072	\$ 0.9043	\$ 0.9053	\$ 5.8194	\$ 5.8188	\$ 5.8226	\$ 5.8321	\$ 5.8312	\$ 5.8312
Ccf Conversion	\$ 0.0091	\$ 0.0091	\$ 0.0090	\$ 0.0091	\$ 0.0582	\$ 0.0582	\$ 0.0582	\$ 0.0583	\$ 0.0583	\$ 0.0583
	\$ -	\$ -	\$ -	\$ -	\$ 1,158.00	\$ 2,316.00	\$ 4,053.00	\$ 4,632.00	\$ 4,053.00	\$ 2,895.00
\$\$\$ per Dth	\$ 5.1747	\$ 5.7529	\$ 5.8115	\$ 4.6562	\$ 4.9834	\$ 4.4522	\$ 5.3300	\$ 5.2865	\$ 5.3933	\$ 4.9103
Overall \$\$\$ per Mcf	\$ 5.2091	\$ 5.7989	\$ 5.8394	\$ 4.6836	\$ 5.0087	\$ 4.4743	\$ 5.3600	\$ 5.3249	\$ 5.4317	\$ 4.9453