

# Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

August 18, 2011

Jeff Derouen  
Executive Director  
Public Service Commission  
PO Box 615  
Frankfort, Kentucky 40602-0615

**RECEIVED**

**AUG 19 2011**

**PUBLIC SERVICE  
COMMISSION**

Dear Mr. Derouen:

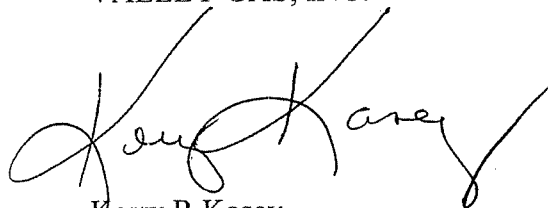
Enclosed please find our application for revised rates in accordance with purchased gas cost adjustment requirements.

We would like for the adjustment to become effective August 18, 2011. If additional information is needed, please advise.

Your assistance is appreciated.

Yours truly,

VALLEY GAS, INC.

A handwritten signature in black ink, appearing to read "Kerry R. Kasey". The signature is written in a cursive style with a large initial "K" and a checkmark at the end.

Kerry R Kasey  
Secretary

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$5.3873
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$2.1183)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3.2690

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

A. EXPECTED GAS COST CALCULATION	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$209,758.45
/Sales for the 12 months ended	\$/Mcf	38,936.00
Expected Gas Cost	\$/Mcf	\$5.3873

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	(\$0.0088)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0837)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2347)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2378)
Previous Quarter AA to expire 9/30/2013	\$/Mcf	(\$1.5533)
=Actual Adjustment (AA)	\$ Mcf	(\$2.1183)

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, 2011

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
ATMOS ENERGY			39,850	\$5.2637	\$209,758.45
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals		39,850		\$209,758.45
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Line loss for 12 months ended 3/31/2011 is based on purchases of 39,850.00  
 and sales of 38,936.00 Mcf. 2.29%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$209,758.45
/ Mcf Purchases (4)		39,850
= Average Expected Cost Per Mcf Purchased		\$5.2637
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		39,850.00
= Total Expected Gas Cost (to Schedule IA)		\$209,758.45

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 12 month period ended June 30, 2011

Particulars	Unit	<i>Jun-11</i>	<i>May-11</i>	<i>Apr-11</i>
Total Supply Volumes Purchased	Mcf	749	1355	1803
Total Cost of Volumes Purchased	\$	\$4,020.83	\$7,342.85	\$9,516.44
/ Total Sales *	Mcf	894.0	1,312.0	1,803.0
= Unit Cost of Gas	\$/Mcf	\$4.4976	\$5.5967	\$5.2781
- EGC in Effect for Month	\$/Mcf	\$5.2940	\$5.2940	\$5.2940
= Difference	\$/Mcf	(\$0.7964)	\$0.3027	(\$0.0159)
x Actual Sales during Month	Mcf	894.0	1,312.0	1,803.0
= Monthly Cost Difference	\$	(\$712.01)	\$397.12	(\$28.64)
 Total Cost Difference		(\$343.53)		
/ Sales for 12 months ended		38,936.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.0088)		

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

Valley Gas - Irvington, KY

TGT Meter 1874

FAX

(270) 547-2464



Atmos Energy Marketing

Summer-Winter 2011-12	
%	3.56%
1-%	0.9644
Fuel Factor	0.03691

Actual or Average 3 Yr USAGE	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Volume to Purchase	4,491	1,803	1,355	749	702	722	838	1,730	3,366	7,919
Current Market Price	\$ 3,991	\$ 1,803	\$ 1,355	\$ 749	\$ 702	\$ 722	\$ 838	\$ 1,730	\$ 3,366	\$ 7,919
TGT Transport	\$ 3,7930	\$ 4,2400	\$ 4,3770	\$ 4,3260	\$ 4,3570	\$ 4,3700	\$ 3,9400	\$ 3,9500	\$ 4,0890	\$ 4,3150
Fuel	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
AEIM-Invoice/Dth	\$ 4.8343	\$ 5.2978	\$ 5.4399	\$ 5.3870	\$ 5.4191	\$ 5.4326	\$ 4.9867	\$ 4.9971	\$ 5.1412	\$ 5.3756

Btu - Zone 3	1.0058	1.0056	1.0089	1.0067	1.0029	1.0029	1.0029	1.0029	1.0029	1.0029
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Mcf Conversion	\$ 4.8625	\$ 5.3274	\$ 5.4885	\$ 5.4232	\$ 5.4346	\$ 5.4481	\$ 5.0010	\$ 5.0114	\$ 5.1559	\$ 5.3909
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Ccf Conversion	\$ 0.0486	\$ 0.0533	\$ 0.0549	\$ 0.0542	\$ 0.0543	\$ 0.0545	\$ 0.0500	\$ 0.0501	\$ 0.0516	\$ 0.0539
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	\$ 19,293.75	\$ 9,551.96	\$ 7,371.03	\$ 4,034.86	\$ 3,804.23	\$ 3,922.35	\$ 4,178.89	\$ 8,645.00	\$ 7,020.37	\$ 15,688.64
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Volume Hedged	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
WACOG for Hedges	500	-	-	-	-	-	-	-	2,000	5,000
TGT Transport	\$ 4.8900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4.5500	\$ 4.5500
Fuel	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
AEIM-Invoice/Dth	\$ 5.7913	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 5.4513	\$ 5.4513

Btu - Zone 3	1.0058	1.0056	1.0089	1.0067	1.0029	1.0029	1.0029	1.0029	1.0029	1.0029
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Mcf Conversion	\$ 5.8250	\$ 0.9063	\$ 0.9094	\$ 0.9074	\$ 0.9039	\$ 0.9039	\$ 0.9039	\$ 0.9039	\$ 5.4669	\$ 5.4669
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Ccf Conversion	\$ 0.0583	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0090	\$ 0.0090	\$ 0.0090	\$ 0.0090	\$ 0.0547	\$ 0.0547
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	\$ 2,895.65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,902.60	\$ 27,256.50
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\$\$\$ per Dth	\$ 4.9409	\$ 5.2978	\$ 5.4399	\$ 5.3870	\$ 5.4191	\$ 5.4326	\$ 4.9867	\$ 4.9971	\$ 5.3255	\$ 5.4234
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Overall \$\$\$ per Mcf	\$ 4.9696	\$ 5.3274	\$ 5.4885	\$ 5.4232	\$ 5.4346	\$ 5.4481	\$ 5.0010	\$ 5.0114	\$ 5.3407	\$ 5.4389
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