

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

June 25, 2013

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

RECEIVED

JUN 27 2013

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

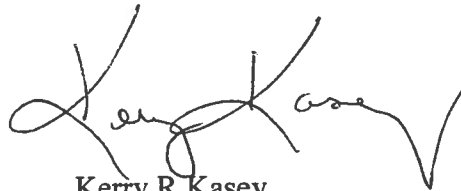
Enclosed please find our application for revised rates in accordance with purchased gas cost adjustment requirements report.

We would like for the adjustment to become effective in July 1, 2013. 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 fluid and cursive, with a large initial "K" and a long, sweeping underline.

Kerry R Kasey
Secretary

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

Component	Unit	Proposed Amount	Current	Diff	Base rate	billing rate
Expected Gas Cost (EGC)	\$/Mcf	\$5,1543	\$4,4666	\$0,6877	\$2,7544	\$6,1743
Refund Adjustment (RA)	\$/Mcf	\$0,0000	\$0,0000	\$0,0000		
Actual Adjustment (AA)	\$/Mcf	(\$1,7345)	(\$1,7542)	\$0,0197		
Balance Adjustment (BA)	\$/Mcf	\$0,0000	\$0,0000	\$0,0000		
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3,4199	\$2,7124	\$0,7075		
Rates to be effective for service rendered from July 1, 2013						
					\$0,7075	check

A. EXPECTED GAS COST CALCULATION

	Unit	Amount
Total Expected Gas Cost (Sch II)	\$/Mcf	\$176,144,09
Sales for the 12 months ended	\$/Mcf	34,174,00
Expected Gas Cost	\$/Mcf	\$5,1543

B. REFUND ADJUSTMENT CALCULATION

	Unit	Amount
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

	Unit	Amount
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	(\$0,2890)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0,2379
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0,0306
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0,1607)
Previous Quarter AA to expire 09/30/2013		(\$1,5533)
=Actual Adjustment (AA)	\$ Mcf	(\$1,7345)

D. BALANCE ADJUSTMENT CALCULATION

	Unit	Amount
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 December 31, 2012

	(1)	(2)	(3) Btu	(4)	(5)	(6) (4) x (5)
Supplier		Dth	Conversion Factor	Mcf	Rate	Cost
ATMOS ENERGY				36006	\$4.8967	\$176,310.58
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00

Totals 36,006 \$176,310.58

Line loss for 12 months ended 12/31/2012 is based on purchases of 36,006.00
and sales of 34,174.00 Mcf. 5.09%

Total Expected Cost of Purchases (6)	<u>Unit</u>	<u>Amount</u>
/ Mcf Purchases (4)		\$176,310.58
= Average Expected Cost Per Mcf Purchased		36,006
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		\$4.8967
= Total Expected Gas Cost (to Schedule IA)		35,972.00
		\$176,144.09

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Description	Unit	Amount
Supplier Refunds Received during 2 Month Period	\$	
Interest Factor (90 Day Commercial Paper Rate)	\$	\$0.00
Refunds Including Interest		
Divided by 12 Month Projected Sales Ended	Mcf	34,174.00
Current Supplier Refund Adjustment		0

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 12 month period ended **March 31, 2013**

Particulars	Unit	March 31, 2013		
		Jan-13	Feb-13	Mar-13
Total Supply Volumes Purchased	Mcf	7175	6282	6272
Total Cost of Volumes Purchased	\$	\$31,368.72	\$26,627.50	\$27,897.49
/ Total Sales *	Mcf	7,400.0	5,968.0	5,958.0
= Unit Cost of Gas	\$/Mcf	\$4.2390	\$4.4617	\$4.6824
- EGC in Effect for Month	\$/Mcf	\$4.9625	\$4.9625	\$4.9625
= Difference	\$/Mcf	(\$0.7235)	(\$0.5008)	(\$0.2801)
x Actual Sales during Month	Mcf	7,400.0	5,861.0	5,662.0
= Monthly Cost Difference	\$	(\$5,353.78)	(\$2,935.12)	(\$1,586.16)
Total Cost Difference			(\$9,875.06)	
/ Sales for 12 months ended			34,174.0	
= Actual Adjustment for the Reporting Period (to Sch IC)			(\$0.2890)	

* May not be less than 95% of supply volume

Case No.

Effective Date	Mcf Sales	Factor	Refunded	Balance
Beginning Balance			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0

Under/(Over) Recovery \$0
Mcf Sales for factor 34,174
BA Factor \$0.0000

TGT Meter 1874



Actual or Average 3	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Yr USAGE	718	711	710	774	1,752	3,684	6,411	7,649	6,009	4,317
Volume to Purchase	718	711	710	774	1,752	3,684	6,411	7,649	6,009	4,317
Current Market Price	\$ 4.1480	\$ 3.7890	\$ 3.7960	\$ 3.7920	\$ 3.8120	\$ 3.8640	\$ 4.0400	\$ 4.7790	\$ 4.7750	\$ 4.0620
TGT Transport	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
Fuel	0.20	0.18	0.18	0.18	0.18	0.18	0.19	0.19	0.19	0.19
AEI-Invoices/Dth	\$ 5.2443	\$ 4.8590	\$ 4.8758	\$ 4.8716	\$ 4.8925	\$ 4.9679	\$ 5.1312	\$ 5.2139	\$ 5.2097	\$ 5.1564
Bitu - Zone 3	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057
Mcf Conversion	\$ 5.2744	\$ 4.8869	\$ 4.9038	\$ 4.8996	\$ 4.9206	\$ 4.9964	\$ 5.1607	\$ 5.2439	\$ 5.2397	\$ 5.1860
Ccf Conversion	\$ 0.0527	\$ 0.0489	\$ 0.0490	\$ 0.0490	\$ 0.0492	\$ 0.0500	\$ 0.0516	\$ 0.0524	\$ 0.0524	\$ 0.0519
	\$ 3,763.66	\$ 3,453.13	\$ 3,460.16	\$ 3,770.59	\$ 8,570.04	\$ 18,300.05	\$ 32,896.27	\$ 39,883.15	\$ 31,303.65	\$ 22,261.69
Volume Hedged	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
WAGOR for Hedging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TGT Transport	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
Fuel	-	-	-	-	-	-	-	-	-	-
AEI-Invoice/Dth	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
Bitu - Zone 3	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057
Mcf Conversion	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065
Ccf Conversion	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SSS per Dth	\$ 5.2443	\$ 4.8590	\$ 4.8758	\$ 4.8716	\$ 4.8925	\$ 4.9679	\$ 5.1312	\$ 5.2139	\$ 5.2097	\$ 5.1564
Overall \$\$\$ per Mcf	\$ 5.2744	\$ 4.8869	\$ 4.9038	\$ 4.8996	\$ 4.9206	\$ 4.9964	\$ 5.1607	\$ 5.2439	\$ 5.2397	\$ 5.1860
Mcf Volume										