

# Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

August 30, 2013

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

RECEIVED

SEP 3 2013

PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

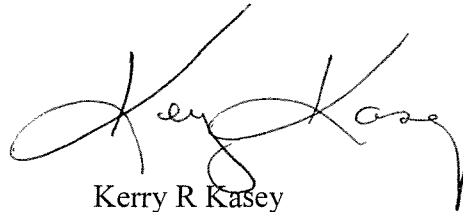
Enclosed please find our application for revised rates in accordance with purchased gas cost adjustment requirements report.

We would like for the adjustment to become effective in October 1, 2013. If additional information is needed, please advise.

Your assistance is appreciated.

Yours truly,

VALLEY GAS, INC.



Kerry R Kasey  
Secretary

TGT Meter 1874



Actual or Average 3 Yr USAGE	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Volume to Purchase	718	711	710	774	1,752	3,684	6,411	7,649	6,009	4,317
Current Market Price	\$ 4.1460	\$ 3.7800	\$ 3.7960	\$ 3.7920	\$ 3.8120	\$ 3.8840	\$ 4.0400	\$ 4.1190	\$ 4.1150	\$ 4.0640
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
AEM-Invoice/Dth	\$ 5.2443	\$ 4.8590	\$ 4.8758	\$ 4.8716	\$ 4.8925	\$ 4.9679	\$ 5.1312	\$ 5.2139	\$ 5.2097	\$ 5.1564
<b>Btu - Zone 3</b>	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057
<b>Mcf Conversion</b>	\$ 5.2744	\$ 4.8869	\$ 4.9038	\$ 4.8996	\$ 4.9206	\$ 4.9964	\$ 5.1607	\$ 5.2439	\$ 5.2397	\$ 5.1860
<b>Ccf Conversion</b>	\$ 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
<b>Volume Hedged</b>	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
WACOG for Hedges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TGT Transport	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
Fuel	-	-	-	-	-	-	-	-	-	-
AEM-Invoice/Dth	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
<b>Btu - Zone 3</b>	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057
<b>Mcf Conversion</b>	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065
<b>Ccf Conversion</b>	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>\$\$\$ per Dth</b>	\$ 5.2443	\$ 4.8590	\$ 4.8758	\$ 4.8716	\$ 4.8925	\$ 4.9679	\$ 5.1312	\$ 5.2139	\$ 5.2097	\$ 5.1564
<b>Overall \$\$\$ per Mcf</b>	\$ 5.2744	\$ 4.8869	\$ 4.9038	\$ 4.8996	\$ 4.9206	\$ 4.9964	\$ 5.1607	\$ 5.2439	\$ 5.2397	\$ 5.1860
<b>MCF Volume</b>										

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>			<u>Base rate</u>	<u>billing rate</u>
		<u>Proposed</u>	<u>Current</u>	<u>Diff</u>		
Expected Gas Cost (EGC)	\$/Mcf	\$5.0259	\$5.1543	(\$0.1284)	\$2.7544	\$7.7471
Refund Adjustment (RA)	\$/Mcf	\$0.0000	\$0.0000	\$0.0000		
Actual Adjustment (AA)	\$/Mcf	(\$0.0332)	(\$1.7345)	\$1.7013		
Balance Adjustment (BA)	\$/Mcf	\$0.0000	\$0.0000	\$0.0000		
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$4.9927	\$3.4198	\$1.5729		
				\$1.5729	check	

Rates to be effective for service rendered from                      October 1, 2013

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$178,434.53
/Sales for the 12 months ended	\$/Mcf	35,503.00
Expected Gas Cost	\$/Mcf	\$5.0259

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	(\$0.0127)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2890)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.2379
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0306
=Actual Adjustment (AA)	\$ Mcf	(\$0.0332)

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, 2013

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
ATMOS ENERGY			35503	\$5.0259	\$178,434.53
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals			35,503		\$178,434.53
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Line loss for 12 months ended 6/30/2013 is based on purchases of  
 and sales of 35,503.00 Mcf. 4.77% 37,282.00

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$178,434.53
/ Mcf Purchases (4)		37,282
= Average Expected Cost Per Mcf Purchased		\$4.7861
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		37,282.00
= Total Expected Gas Cost (to Schedule IA)		\$178,434.53

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	35,503.00
Current Supplier Refund Adjustment		0

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

June 30, 2013

Particulars	Unit	Apr-13	May-13	Jun-13
Total Supply Volumes Purchased	Mcf	2460	1118	746
Total Cost of Volumes Purchased	\$	\$12,347.87	\$5,816.60	\$3,878.10
/ Total Sales *	Mcf	3,023.0	1,298.0	709.0
= Unit Cost of Gas	\$/Mcf	\$4.0846	\$4.4812	\$5.4698
- EGC in Effect for Month	\$/Mcf	\$4.4666	\$4.4666	\$4.4666
= Difference	Mcf	(\$0.3820)	\$0.0146	\$1.0032
x Actual Sales during Month	\$	3,023.0	1,298.0	683.0
= Monthly Cost Difference		(\$1,154.66)	\$18.95	\$685.20
Total Cost Difference				(\$450.51)
/ Sales for 12 months ended				35,503.0
= Actual Adjustment for the Reporting Period (to Sch IC)				(\$0.0127)

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