

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

June 3, 2014

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

RECEIVED

JUN 5 2014

PUBLIC SERVICE
COMMISSION

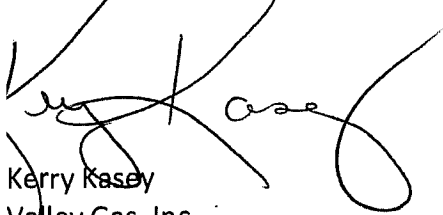
Dear Mr. Derouen:

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 on July 1, 2014. If additional information is needed, please advise.

Your assistance is appreciated.

Sincerely

A handwritten signature in black ink, appearing to read "Kerry Kasey". The signature is fluid and cursive, with a large loop at the end.

Kerry Kasey
Valley Gas, Inc.

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u> Proposed
Expected Gas Cost (EGC)	\$/Mcf	\$6.0252
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	\$0.3986
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$6.4238

Rates to be effective for service rendered from July 1, 2014

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$237,195.26
/Sales for the 12 months ended	\$/Mcf	39,367.00
Expected Gas Cost	\$/Mcf	\$6.0252
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	\$0.0000
+Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
=Refund Adjustment (RA)	\$/Mcf	\$0.0000
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	\$0.4589
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0290)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0186)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0127)
=Actual Adjustment (AA)	\$/Mcf	\$0.3986
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	\$0.0000
+Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
=Balance Adjustment (BA)	\$/Mcf	\$0.0000

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended March 31 2014

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
ATMOS ENERGY			42608	\$5.7241	\$243,892.45
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals 42,608 \$243,892.45

Line loss for 12 months ended 3/31/2014 is based on purchases of 42,608.00
and sales of 39,367.00 Mcf. 7.61%

	Unit	Amount
Total Expected Cost of Purchases (6)		\$243,892.45
/ Mcf Purchases (4)		42,608
= Average Expected Cost Per Mcf Purchased		\$5.7241
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		41,438.00
= Total Expected Gas Cost (to Schedule IA)		\$237,195.26

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	39,367.00
<u>Current Supplier Refund Adjustment</u>		<u>0</u>

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

March 31, 2014

Particulars	Unit	Jan-14	Feb-14	Mar-14
Total Supply Volumes Purchased	Mcf	9881	7445	5527
Total Cost of Volumes Purchased	\$	\$53,523.03	\$49,141.63	\$32,487.45
/ Total Sales *	Mcf	9,387.0	8,500.0	5,469.0
= Unit Cost of Gas	\$/Mcf	\$5.7019	\$5.7814	\$5.9403
- EGC in Effect for Month	\$/Mcf	\$4.9778	\$4.9778	\$4.9778
= Difference	\$/Mcf	\$0.7241	\$0.8036	\$0.9625
x Actual Sales during Month	Mcf	8,246.0	8,500.0	5,469.0
= Monthly Cost Difference	\$	\$5,970.56	\$6,830.33	\$5,263.86
Total Cost Difference		\$18,064.75		
/ Sales for 12 months ended		39,367.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		\$0.4589		

* May not be less than 95% of supply volume

To: Henry
From: jll

270547 2464

TGT Meter 1874



Atmos Energy Marketing

Actual or Average 3 Yr USAGE	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Volume to Purchase	1,956	1,080	714	348	666	721	1,900	4,006	5,793	7,939	6,440
Settlement	4.5840	4.7950	4.6190	4.6190	4.6190	4.6190	4.6190	4.6190	4.6190	4.6190	4.6190
TGT Transport	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
Fuel	0.22	0.23	0.22	0.22	0.22	0.22	0.22	0.22	- 0.22	0.22	0.22
AEM-Invoice/Dth	\$ 5.7008	\$ 5.9217	\$ 5.7374	\$ 5.7416	\$ 5.7301	\$ 5.7008	\$ 5.6956	\$ 5.7228	\$ 5.8181	\$ 5.8715	\$ 5.8306
Btu - Zone 3	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057
Mcf Conversion	\$ 5.7336	\$ 5.9557	\$ 5.7704	\$ 5.7746	\$ 5.7630	\$ 5.7336	\$ 5.7283	\$ 5.7557	\$ 5.8515	\$ 5.9052	\$ 5.8641
Ccf Conversion	\$ 0.0573	\$ 0.0596	\$ 0.0577	\$ 0.0577	\$ 0.0576	\$ 0.0573	\$ 0.0573	\$ 0.0576	\$ 0.0585	\$ 0.0591	\$ 0.0586
	\$11,150.76	\$ 6,395.45	\$ 4,096.53	\$ 1,998.09	\$ 3,816.26	\$ 4,110.27	\$10,821.57	\$22,925.48	\$33,704.04	\$ 46,613.52	\$ 37,549.24
Volume Hedged	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Volume Hedged	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TGT Transport	\$ 0.9013	\$ 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	\$ 0.9013
Btu - Zone 3	1.0057	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	\$ 0.9065
Ccf Conversion	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$\$\$ per Dth	\$ 5.7008	\$ 5.9217	\$ 5.7374	\$ 5.7416	\$ 5.7301	\$ 5.7008	\$ 5.6956	\$ 5.7228	\$ 5.8181	\$ 5.8715	\$ 5.8306