

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

February 20, 2013

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

RECEIVED

FEB 22 2013

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

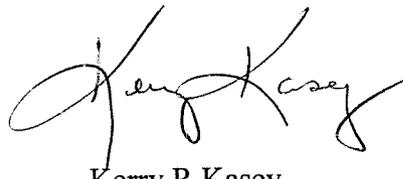
Enclosed please find our application for revised rates in accordance with purchased gas cost adjustment requirements report. Also, I have include copies of the Annual Report & Report of Gross Operating Revenues.

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

Your assistance is appreciated.

Yours truly,

VALLEY GAS, INC.



Kerry R Kasey
Secretary

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u> Proposed
Expected Gas Cost (EGC)	\$/Mcf	\$4.4666
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$1.5098)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
<u>Gas Cost Recovery Rate (GCR)</u>	<u>\$/Mcf</u>	<u>\$2.9568</u>

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

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$173,910.14
<u>/Sales for the 12 months ended</u>	<u>\$/Mcf</u>	<u>38,936.00</u>
Expected Gas Cost	\$/Mcf	\$4.4666

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	
<u>=Refund Adjustment (RA)</u>	<u>\$ Mcf</u>	<u>\$0.0000</u>

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	\$0.2379
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0306
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.1607)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0643)
<u>Previous Quarter AA to expire 09/30/2013</u>		<u>(\$1.5533)</u>
<u>=Actual Adjustment (AA)</u>	<u>\$ Mcf</u>	<u>(\$1.5098)</u>

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	
<u>=Balance Adjustment (BA)</u>	<u>\$ Mcf</u>	<u>\$0.0000</u>

SCHEDULE II
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended December 31, 2012

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
ATMOS ENERGY			39852	\$4.3639	\$173,910.14
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals		39,852		\$173,910.14
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Line loss for 12 months ended 12/31/2012 is based on purchases of 39,852.00 and sales of 38,936.00 Mcf. 2.30%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$173,910.14
/ Mcf Purchases (4)		39,852
= Average Expected Cost Per Mcf Purchased		\$4.3639
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		39,852.00
= Total Expected Gas Cost (to Schedule IA)		\$173,910.14

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	29,778.00
<u>Current Supplier Refund Adjustment</u>		<u>0</u>

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

December 31, 2012

Particulars	Unit	Oct-12	Nov-12	Dec-12
Total Supply Volumes Purchased	Mcf	1919	4259	5183
Total Cost of Volumes Purchased	\$	\$7,763.07	\$19,138.87	\$24,505.10
/ Total Sales *	Mcf	1,823.0	4,046.0	4,924.0
= Unit Cost of Gas	\$/Mcf	\$4.2584	\$4.7303	\$4.9767
- EGC in Effect for Month	\$/Mcf	\$4.0419	\$4.0419	\$4.0419
= Difference	\$/Mcf	\$0.2165	\$0.6884	\$0.9348
x Actual Sales during Month	Mcf	1,243.0	4,014.0	4,319.0
= Monthly Cost Difference	\$	\$269.11	\$2,763.31	\$4,037.25
Total Cost Difference		\$7,069.68		
/ Sales for 12 months ended		29,712.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		\$0.2379		

* May not be less than 95% of supply volume

TGT Meter 1874

Valley Rate Sheet



TGT Meter 1874

Atmos Energy Marketing

<i>Actual or Average 3 Yr USAGE</i>	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
Volume to Purchase	3,295	7,048	7,175	6,422	3,605	1,863	1,079	727
Current Market Price	\$ 3.4710	\$ 3.7900	\$ 3.3540	\$ 3.2260	\$ 3.1530	\$ 3.2180	\$ 3.2860	\$ 3.3460
TGT Transport Fuel	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
AEM-Invoice/Dth	\$ 4.5355	\$ 4.8695	\$ 4.4130	\$ 4.2790	\$ 4.2025	\$ 4.2706	\$ 4.3418	\$ 4.4046
Btu - Zone 3	1.0042	1.0042	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057
Mcf Conversion	\$ 4.5545	\$ 4.8899	\$ 4.4383	\$ 4.3035	\$ 4.2267	\$ 4.2951	\$ 4.3667	\$ 4.4299
Ccf Conversion	\$ 0.0455	\$ 0.0489	\$ 0.0444	\$ 0.0430	\$ 0.0423	\$ 0.0430	\$ 0.0437	\$ 0.0443
	\$ 14,944.39	\$ 34,320.03	\$ 31,663.09	\$ 27,479.46	\$ 6,646.99	\$ 7,956.09	\$ 4,684.78	\$ 3,202.14
Volume Hedged	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
WACOG for Hedges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TGT Transport Fuel	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
AEM-Invoice/Dth	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
Btu - Zone 3	1.0042	1.0042	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057
Mcf Conversion	\$ 0.9051	\$ 0.9051	\$ 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
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$\$\$ per Dth	\$ 4.5355	\$ 4.8695	\$ 4.4130	\$ 4.2790	\$ 1.8438	\$ 4.2706	\$ 4.3418	\$ 4.4046
Overall \$\$\$ per Mcf	\$ 4.5545	\$ 4.8899	\$ 4.4383	\$ 4.3035	\$ 1.8544	\$ 4.2951	\$ 4.3667	\$ 4.4299
MCF Volume			7,134					