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FEB 24 2014

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

PUBLIC SERVICE COMMISSION 270-547-2455

February 21, 2014

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

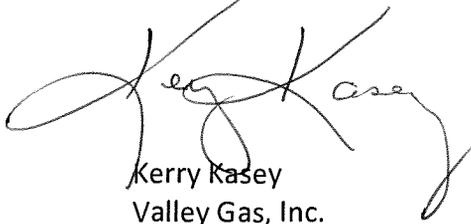
Dear Mr. Derouen:

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 April 1, 2014. If additional information is needed, please advise.

Your assistance is appreciated.

Sincerely



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	\$6.2994
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$0.3493)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$5.9502

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

A. EXPECTED GAS COST CALCULATION	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$228,782.60
/Sales for the 12 months ended	\$/Mcf	36,318.00
Expected Gas Cost	\$/Mcf	\$6.2994

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	\$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

C. ACTUAL ADJUSTMENT CALCULATION	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	(\$0.0290)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0186)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0127)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2890)
=Actual Adjustment (AA)	\$ Mcf	(\$0.3493)

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	\$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 December 31, 2013

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
ATMOS ENERGY			39484	\$5.9845	\$236,293.18
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals 39,484 \$236,293.18

Line loss for 12 months ended 12/31/2013 is based on purchases of 39,484.00
 and sales of 36,318.00 Mcf. 8.02%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$236,293.18
/ Mcf Purchases (4)		39,484
= Average Expected Cost Per Mcf Purchased		\$5.9845
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		38,229.00
= Total Expected Gas Cost (to Schedule IA)		\$228,782.60

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	36,318.00
Current Supplier Refund Adjustment		0

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended December 31, 2013

Particulars	Unit	Oct-13	Nov-13	Dec-13
Total Supply Volumes Purchased	Mcf	1831	4603	6889
Total Cost of Volumes Purchased	\$	\$8,278.42	\$20,621.30	\$33,138.98
/ Total Sales *	Mcf	1,739.0	4,373.0	6,545.0
= Unit Cost of Gas	\$/Mcf	\$4.7604	\$4.7156	\$5.0633
- EGC in Effect for Month	\$/Mcf	\$5.0259	\$5.0259	\$5.0259
= Difference	\$/Mcf	(\$0.2655)	(\$0.3103)	\$0.0374
x Actual Sales during Month	Mcf	1,129.0	3,144.0	5,968.0
= Monthly Cost Difference	\$	(\$299.69)	(\$975.60)	\$222.91
Total Cost Difference		(\$1,052.38)		
/ Sales for 12 months ended		36,318.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.0290)		

* May not be less than 95% of supply volume



Atmos Energy Marketing

<i>Actual or Average 3 Yr USAGE</i>	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
<i>Volume to Purchase</i>	7,649	6,009	4,317	1,956	1,080	714
<i>Settlement/Market Price</i>	\$ 4.4070	\$ 5.5570	\$ 6.1490	\$ 4.9500	\$ 4.7550	\$ 4.7620
<i>TGT Transport</i>	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
<i>Fuel</i>	0.21	0.26	0.29	0.23	0.22	0.22
<i>AEM-Invoice/Dth</i>	\$ 5.5155	\$ 6.7195	\$ 7.3394	\$ 6.0840	\$ 5.8798	\$ 5.8872
<i>Btu - Zone 3</i>	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057
<i>Mcf Conversion</i>	\$ 5.5472	\$ 6.7582	\$ 7.3815	\$ 6.1190	\$ 5.9136	\$ 5.9210
<i>Ccf Conversion</i>	\$ 0.0555	\$ 0.0676	\$ 0.0738	\$ 0.0612	\$ 0.0591	\$ 0.0592
	\$ 42,189.72	\$ 40,375.47	\$ 31,686.50	\$ 11,900.31	\$ 6,350.22	\$ 4,203.44
<i>Volume Hedged</i>	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
<i>WACOG for Hedges</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>TGT Transport</i>	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
<i>Fuel</i>	-	-	-	-	-	-
<i>AEM-Invoice/Dth</i>	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
<i>Btu - Zone 3</i>	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057
<i>Mcf Conversion</i>	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065
<i>Ccf Conversion</i>	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>\$\$\$ per Dth</i>	\$ 5.5155	\$ 6.7195	\$ 7.3394	\$ 6.0840	\$ 5.8798	\$ 5.8872
<i>Overall \$\$\$ per Mcf</i>	\$ 5.5472	\$ 6.7582	\$ 7.3815	\$ 6.1190	\$ 5.9136	\$ 5.9210