

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

December 1, 2015

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

RECEIVED

DEC - 3 2015

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

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

If additional information is needed, please advise.

Your assistance is appreciated.

Sincerely

Kerry Kasey

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	\$4.8500
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$1.2544)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3.5956

Rates to be effective for service rendered from January 1, 2016

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$174,402.27
/Sales for the 12 months ended	\$/Mcf	35,959.00
Expected Gas Cost	\$/Mcf	\$4.8500
 <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	
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
=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	(\$0.0175)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.5745
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$1.1921)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.6193)
=Actual Adjustment (AA)	\$ Mcf	(\$1.2544)
 <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	
+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		September 30, 2015				
(1)	(2)	(3)	(4)	(5)	(6)	
Supplier	Dth	Btu Conversion Factor	Mcf	Rate	(4) x (5)	Cost
Constellation Energy	46,672	1.03045	45,293	\$4.6076		\$208,691.26
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
Totals			45,293			\$208,691.26
Line loss for 12 months ended	<u>9/30/2015</u>	is based on purchases of				
and sales of	<u>35,959.00</u>	Mcf.		20.61%	<u>45,292.83</u>	
				<u>Unit</u>	<u>Amount</u>	
Total Expected Cost of Purchases (6)						\$208,691.26
/ Mcf Purchases (4)						45,293
= Average Expected Cost Per Mcf Purchased						\$4.6076
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)						37,851.00
= Total Expected Gas Cost (to Schedule IA)						\$174,402.27

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended September 30, 2015

Particulars	Unit	<i>Jul-15</i>	<i>Aug-15</i>	<i>Sep-15</i>
Total Supply Volumes Purchased	Mcf	4094	6808	4775
Total Cost of Volumes Purchased	\$	\$18,261.86	\$23,536.35	\$13,400.36
/ Total Sales *	Mcf	3,889.0	6,468.0	4,536.0
= Unit Cost of Gas	\$/Mcf	\$4.6958	\$3.6389	\$2.9542
- EGC in Effect for Month	\$/Mcf	\$4.1185	\$4.1185	\$4.1185
= Difference	\$/Mcf	\$0.5773	(\$0.4796)	(\$1.1643)
x Actual Sales during Month	Mcf	606.0	604.0	593.0
= Monthly Cost Difference	\$	\$349.83	(\$289.68)	(\$690.42)
Total Cost Difference		(\$630.27)		
/ Sales for 12 months ended		35,959.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.0175)		

* May not be less than 95% of supply volume

Actual or Average 3 Yr USAGE	Jan-16	Feb-16	Mar-16
		7,175	6,282
<i>Nomination</i>	3,000	2,200	3,200
<i>Volume to Purchase</i>	-	-	-
<i>Settlement/Market Price</i>	\$ 2.6210	\$ 2.6210	\$ 2.6210
<i>TGT Transport</i>	\$ 0.9008	\$ 0.9008	\$ 0.9008
<i>Fuel</i>			
<i>CNEG-Invoice/Dth</i>	\$ 3.5218	\$ 3.5218	\$ 3.5218
<i>Btu - Zone 3</i>	\$ 1.0042	\$ 1.0042	\$ 1.0042
<i>Mcf Conversion</i>	\$ 3.5366	\$ 3.5366	\$ 3.5366
<i>Ccf Conversion</i>	\$ 0.0354	\$ 0.0354	\$ 0.0354
	\$ -	\$ -	\$ -
<i>Volume Hedged</i>	Jan-16	Feb-16	Mar-16
	3,000	2,200	3,200
<i>WACOG for Hedges</i>	\$ 3.5672	\$ 3.5495	\$ 3.9458
<i>TGT Transport</i>	\$ 0.9008	\$ 0.9008	\$ 0.9008
<i>Fuel</i>	\$ -	\$ -	\$ -
<i>CNEG-Invoice/Dth</i>	\$ 4.4680	\$ 4.4503	\$ 4.8466
<i>Btu - Zone 3</i>	\$ 1.0042	\$ 1.0042	\$ 1.0042
<i>Mcf Conversion</i>	\$ 4.4868	\$ 4.4690	\$ 4.8670
<i>Ccf Conversion</i>	\$ 0.0449	\$ 0.0447	\$ 0.0487
	\$ 13,404.00	\$ 9,790.66	\$ 15,509.12
<i>Storage (Injection)/Withdrawals</i>	Jan-16	Feb-16	Mar-16
	(4,175)	(4,082)	(1,607)
<i>WACOG for Storage</i>	\$ 3.5672	\$ 3.5495	\$ 3.9458
<i>TGT Transport</i>	\$ 0.9008	\$ 0.9008	\$ 0.9008
<i>Fuel</i>			
<i>CNEG-Invoice/Dth</i>	\$ 4.4680	\$ 4.4503	\$ 4.8466
<i>Btu - Zone 3</i>	\$ 1.0042	\$ 1.0042	\$ 1.0042
<i>Mcf Conversion</i>	\$ 4.4868	\$ 4.4690	\$ 4.8670
<i>Ccf Conversion</i>	\$ 0.0449	\$ 0.0447	\$ 0.0487
	\$ (18,653.90)	\$ (18,166.12)	\$ (7,788.49)
<i>\$\$\$ per Dth</i>	\$ 4.4680	\$ 4.4503	\$ 4.8466
Overall \$\$\$ per Mcf	\$ 4.4868	\$ 4.4690	\$ 4.8670