

Case No. 2006-00185

P.S.C. No. \_\_\_\_\_  
72nd SHEET NO. 1

Valley Gas, Inc.  
Name of Issuing Corporation

Canceling P.S.C. No. \_\_\_\_\_  
71st SHEET NO. 1

CLASSIFICATION OF SERVICE

GENERAL SERVICE RATE

RATE  
PER UNIT

APPLICABLE:

Entire service area of Irvington, Kentucky and environs

**RECEIVED**

**MAY 05 2006**

**PUBLIC SERVICE  
COMMISSION**

AVAILABILITY OF SERVICE:

Available for any use for individually metered service other than auxiliary or standby service at locations where suitable service is available from existing distribution system and an adequate supply of gas to render service is assured by the supplier of natural gas to the company.

RATE:

New Monthly

Customer Charge	\$ <u>8.50</u>
Base Rate	\$ <u>3.1272</u>
Gas Cost	<u>9.2328</u>

DATE OF ISSUE May 5, 2006 EFFECTIVE June 1, 2006

ISSUED BY Kenneth Kasey TITLE President  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00012 dated May 5, 2006

## Sales

Month	Total
Apr-05	3,457.9
May-05	1,942.5
Jun-05	627.2
Jul-05	673.8
Aug-05	876
Sep-05	724.8
Oct-05	1424.9
Nov-05	3204.1
Dec-05	7103.5
Jan-06	6,759.7
Feb-06	5,935.5
Mar-06	5,217.0
Total	32,546.5

**Commodity Purchases**

	MMBtu	Conversion	Mcf	Rate	Total Cost
Apr-05 Atmos Energy Marketing	1,800	1.025	1,756.098	\$7.4797	\$13,463.46
May-05 Atmos Energy Marketing	1,860	1.025	1,814.634	\$7.4797	\$13,912.24
Jun-05 Atmos Energy Marketing	806	1.025	786.341	\$7.4797	\$6,028.64
Jul-05 Atmos Energy Marketing	790	1.025	770.732	\$7.4797	\$5,908.96
Aug-05 Atmos Energy Marketing	796	1.025	776.585	\$7.4797	\$5,953.84
Sep-05 Atmos Energy Marketing	809	1.025	789.268	\$7.4797	\$6,051.08
Oct-05 Atmos Energy Marketing	1,885	1.025	1,839.024	\$7.4797	\$14,099.23
Nov-05 Atmos Energy Marketing	4,193	1.025	4,090.732	\$14.8824	\$62,401.90
Dec-05 Atmos Energy Marketing	8,563	1.025	8,354.146	\$14.8824	\$127,437.99
Jan-06 Atmos Energy Marketing	5,669	1.025	5,530.732	\$14.8824	\$84,368.33
Feb-06 Atmos Energy Marketing	6,398	1.025	6,241.951	\$14.8824	\$95,217.60
Mar-06 Atmos Energy Marketing	4,541	1.025	4,430.244	\$14.8824	\$67,580.98
Total	34,450		33,609.756		\$475,048.55

**Tranportation Costs**

	MMBtu	Conversion	Mcf	Rate	Total Cost
Apr-05 Texas Gas Transmission	2,478	1.025	2,417.561	\$1.669	\$4,135.78
May-05 Texas Gas Transmission	1,454	1.025	1,418.537	\$1.669	\$2,426.73
Jun-05 Texas Gas Transmission	806	1.025	786.341	\$1.669	\$1,345.21
Jul-05 Texas Gas Transmission	790	1.025	770.732	\$1.669	\$1,318.51
Aug-05 Texas Gas Transmission	796	1.025	776.585	\$1.669	\$1,328.52
Sep-05 Texas Gas Transmission	809	1.025	789.268	\$1.669	\$1,350.22
Oct-05 Texas Gas Transmission	1,885	1.025	1,839.024	\$1.669	\$3,146.07
Nov-05 Texas Gas Transmission	4,193	1.025	4,090.732	\$1.669	\$6,998.12
Dec-05 Texas Gas Transmission	8,563	1.025	8,354.146	\$1.669	\$14,291.65
Jan-06 Texas Gas Transmission	5,669	1.025	5,530.732	\$1.669	\$9,461.56
Feb-06 Texas Gas Transmission	6,398	1.025	6,241.951	\$1.669	\$10,678.26
Mar-06 Texas Gas Transmission	4,541	1.025	4,430.244	\$1.669	\$7,578.93
Total	34,450		33,609.756		\$57,497.05

**SCHEDULE I**  
**GAS COST RECOVERY RATE SUMMARY**

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 9.0829
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	0.1498
+ Balance Adjustment (BA)	\$/Mcf	-
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>\$ 9.2328</u>

GCR to be effective for service rendered from

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	\$ 295,622.34
+ Sales for the 12 months ended 3/31/2006	Mcf	<u>32,547</u>
<u>- Expected Gas Cost (EGC)</u>	\$/Mcf	<u>9.0829</u>

B. <u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	\$ -
+ 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>	\$/Mcf	<u>\$ -</u>

C. <u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$ 0.1498
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ -</u>
<u>= Actual Adjustment (AA)</u>	\$/Mcf	<u>\$ 0.1498</u>

D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ -
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ -</u>
<u>= Balance Adjustment (BA)</u>	\$/Mcf	<u>\$ -</u>

SCHEDULE II  
EXPECTED GAS COST

Appendix B  
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Actual* Mcf Purchase for 12 months ended						03/31/06
(1)	(2)	(3)	(4)	(5)	(6)	
		Heat			(4) x (5)	
<u>Supplier</u>	<u>Dth</u>	<u>Rate</u>	<u>Mcf</u>	<u>Rate/Dth</u>	<u>Cost</u>	
Commodity Atmos Energy	34,450	1.025	33,610	\$8.581	\$295,622.34	

<u>Totals</u>	<u>34,450</u>	<u>33,609.76</u>	<u>\$295,622.34</u>
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Line losses are 33,609.8 Mcf and sales of 32,547 Mcf. 3.16% for 12 months ended 3/31/2006 based on purchases of 33,609.8 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$295,622.34
Expected Mcf Purchases (4)	Mcf	<u>33,609.76</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 8.796
Plus: Expected Losses of (not to exceed 5%)	<u>34259.47368</u> Mcf	
= Total Expected Gas Cost	\$	<u>\$295,622.34</u>

Allowable Sales (maximum losses of 5%).

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

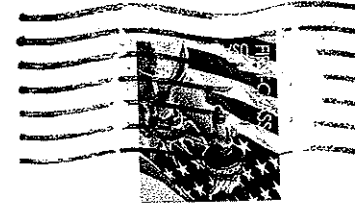
\*\*Supplier's tariff sheets or notices are attached.

VALLEY GAS, INC.

"NATURALLY ITS GAS"

P. O. BOX 55

IRVINGTON, KENTUCKY 40146



RECEIVED

MAY 5 2006

PUBLIC SERVICE  
COMMISSION

Ms Beth O'Donnell  
Executive Director  
Public Service Commission  
P O Box 615  
Frankfort, Kentucky 40602



SINCE 1963

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