

Valley gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

June 16, 2011

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

RECEIVED

JUN 17 2011

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

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

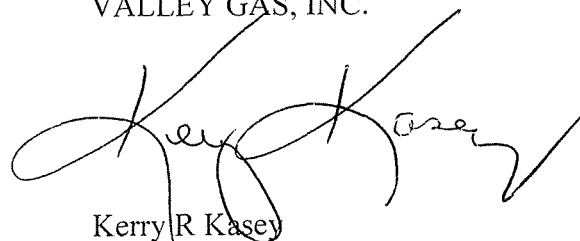
We would like for the adjustment to become effective July 1, 2011 and we are requesting a waiver of the 30-day notice requirement.

If additional information is needed, please advise.

Your assistance is appreciated.

Yours truly,

VALLEY GAS, INC.

A handwritten signature in black ink, appearing to read "Kerry R. Kasey". The signature is written in a cursive style with a large initial "K" and a checkmark at the end.

Kerry R Kasey
Secretary

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$6.0339
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$2.0258)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$4.0081

Rates to be effective for service rendered from June 1, 2011

A. EXPECTED GAS COST CALCULATION	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$225,606.13
/Sales for the 12 months ended	\$/Mcf	37,390.00
Expected Gas Cost	\$/Mcf	\$6.0339

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	
=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	(\$0.0837)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2347)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2378)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$1.5533)
=Actual Adjustment (AA)	\$ Mcf	(\$2.0258)

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	
=Balance Adjustment (BA)	\$ Mcf	\$0.0000

SCHEDULE II
 EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended March 31, 2011

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
ATMOS ENERGY			38,907	\$5.7986	\$225,606.13
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals			38,907		\$225,606.13
--------	--	--	--------	--	--------------

Line loss for 12 months ended 3/31/2011 is based on purchases of 38,907.00
 and sales of 37,390.00 Mcf. 3.90%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$225,606.13
/ Mcf Purchases (4)		38,907
= Average Expected Cost Per Mcf Purchased		\$5.7986
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		38,907.00
= Total Expected Gas Cost (to Schedule IA)		\$225,606.13

For the 12 month period ended

March 31, 2011

<u>Particulars</u>	<u>Unit</u>	Mar-11	Feb-11	Jan-11
Total Supply Volumes Purchased	Mcf	4491	6152	9012
Total Cost of Volumes Purchased	\$	\$22,173.32	\$33,364.79	\$47,889.34
/ Total Sales *	Mcf	4,477.0	5,983.0	8,561.4
= Unit Cost of Gas	\$/Mcf	\$4.9527	\$5.5766	\$5.5936
- EGC in Effect for Month	\$/Mcf	\$5.6020	\$5.6020	\$5.6020
= Difference	\$/Mcf	(\$0.6493)	(\$0.0254)	(\$0.0084)
x Actual Sales during Month	Mcf	4,477.0	5,983.0	8,464.0
= Monthly Cost Difference	\$	(\$2,906.83)	(\$151.98)	(\$70.81)
Total Cost Difference		(\$3,129.62)		
/ Sales for 12 months ended		37,390.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.0837)		

* May not be less than 95% of supply volume

Valley Gas - Irvington, KY

TGT Meter 1874

FAX

(270) 547-2464



Summer-Winter 2011-12		
%	1-%	Fuel Factor
3.56%	0.9644	0.03691

Actual or Average 3 Yr USAGE	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Volume to Purchase	6,152	4,491	1,803	1,355	758	786	790	805	1,718
Current Market Price	\$ 4,3160	\$ 3,7930	\$ 4,2400	\$ 4,3770	\$ 4,3260	\$ 4,6460	\$ 4,6620	\$ 4,6940	\$ 4,7310
TGT Transport	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000
Fuel	0.16	0.14	0.16	0.16	0.16	0.17	0.17	0.17	0.17
AEM-Invoice/Dth	\$ 5.3753	\$ 4.8330	\$ 5.2965	\$ 5.4386	\$ 5.3857	\$ 5.7196	\$ 5.7548	\$ 5.7673	\$ 5.8056
Btu - Zone 3	1.0070	1.0058	1.0056	1.0089	1.0089	1.0089	1.0089	1.0089	1.0089
Mcf Conversion	\$ 5.4132	\$ 4.8612	\$ 5.3261	\$ 5.4872	\$ 5.4338	\$ 5.7707	\$ 5.8063	\$ 5.8188	\$ 5.8575
Ccf Conversion	\$ 0.0541	\$ 0.0486	\$ 0.0533	\$ 0.0549	\$ 0.0543	\$ 0.0577	\$ 0.0581	\$ 0.0582	\$ 0.0586
	\$ 29,306.25	\$ 19,288.56	\$ 9,549.62	\$ 7,369.27	\$ 4,082.35	\$ 4,495.59	\$ 4,546.32	\$ 4,642.66	\$ 9,974.09
Volume Hedged	700	500	-	-	-	-	-	-	-
WACOG for Hedges	\$ 4.8900	\$ 4.8900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TGT Transport	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000
Fuel	-	-	-	-	-	-	-	-	-
AEM-Invoice/Dth	\$ 5.7900	\$ 5.7900	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000
Btu - Zone 3	1.0070	1.0058	1.0056	1.0089	1.0089	1.0089	1.0089	1.0089	1.0089
Mcf Conversion	\$ 5.8308	\$ 5.8237	\$ 0.9050	\$ 0.9080	\$ 0.9080	\$ 0.9080	\$ 0.9080	\$ 0.9080	\$ 0.9080
Ccf Conversion	\$ 0.0583	\$ 0.0582	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091
	\$ 4,053.00	\$ 2,895.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$\$\$ per Dth	\$ 5.4225	\$ 4.9396	\$ 5.2965	\$ 5.4386	\$ 5.3857	\$ 5.7196	\$ 5.7548	\$ 5.7673	\$ 5.8056
Overall \$\$\$ per Mcf	\$ 5.4607	\$ 4.9683	\$ 5.3261	\$ 5.4872	\$ 5.4338	\$ 5.7707	\$ 5.8063	\$ 5.8188	\$ 5.8575