

# Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

December 5, 2011

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

RECEIVED

DEC 8 2011

PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

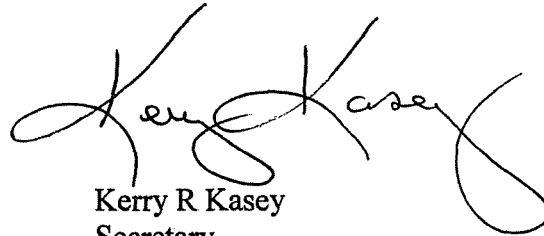
Enclosed please find our application for revised rates in accordance with purchased gas cost adjustment requirements.

We would like for the adjustment to become effective December 5, 2011. 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 fluid and cursive, with a large loop 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	\$5.3631
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$2,1183)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3.2448

Rates to be effective for service rendered from January 1, 2012

A. EXPECTED GAS COST CALCULATION	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$205,190.55
/Sales for the 12 months ended	\$/Mcf	38,260.00
Expected Gas Cost	\$/Mcf	\$5.3631

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	[REDACTED]
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	[REDACTED]
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	[REDACTED]
=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	(\$0.0088)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0837)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2347)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2378)
Previous Quarter AA to expire 9/30/2013	\$/Mcf	(\$1,5533)
=Actual Adjustment (AA)	\$/Mcf	(\$2,1183)

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	[REDACTED]
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	[REDACTED]
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	[REDACTED]
=Balance Adjustment (BA)	\$/Mcf	\$0.0000

SCHEDULE II  
 EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended September 30, 2011

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
ATMOS ENERGY			39,519	\$5.1922	\$205,190.55
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals			39,519		\$205,190.55
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Line loss for 12 months ended 9/30/2011 is based on purchases of 39,519.00  
 and sales of 38,260.00 Mcf. 3.19%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$205,190.55
/ Mcf Purchases (4)		39,519
= Average Expected Cost Per Mcf Purchased		\$5.1922
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		39,519.00
= Total Expected Gas Cost (to Schedule IA)		\$205,190.55

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	38,260.00
<u>Current Supplier Refund Adjustment</u>		<u>0</u>

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended September 30, 2011

Particulars	Unit	Sep-11	Aug-11	Jul-11
Total Supply Volumes Purchased	Mcf	797	692	702
Total Cost of Volumes Purchased	\$	\$3,887.70	\$3,747.00	\$3,790.04
/ Total Sales *	Mcf	697.0	696.0	560.0
= Unit Cost of Gas	\$/Mcf	\$5.5778	\$5.3836	\$6.7679
- EGC in Effect for Month	\$/Mcf	\$6.0339	\$6.0339	\$6.0339
= Difference	\$/Mcf	(0.4562)	(0.6503)	\$0.7340
x Actual Sales during Month	Mcf	757.0	696.0	560.0
= Monthly Cost Difference	\$	(345.30)	(452.59)	\$411.06
Total Cost Difference		(386.83)		
/ Sales for 12 months ended		38,260.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(0.0101)		

\* May not be less than 95% of supply volume

Valley Gas - Irvington, KY

TGT Meter 1874

FAX

(270) 547-2464



%	1-%	Fuel Factor
4.49%	0.9551	0.04701

	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
<b>Actual or Average 3 Yr USAGE</b>	8,155	7,919	8,916	6,698	4,166	1,863	1,079	753	768	766	824	1,730
<b>Volume to Purchase</b>	8,155	2,919	3,916	1,698	2,166	1,863	1,079	753	768	766	824	1,730
<b>Contract Price/Dth</b>	\$ 3.640	\$ 3.6700	\$ 3.6700	\$ 3.6900	\$ 3.7000	\$ 3.7300	\$ 3.7600	\$ 3.8000	\$ 3.8500	\$ 3.8900	\$ 3.8900	\$ 3.9200
<b>TGT Transport Fuel</b>	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
<b>AEM-Invoice/Dth</b>	\$ 4.5910	\$ 4.4234	\$ 4.7438	\$ 4.7648	\$ 4.7752	\$ 4.8067	\$ 4.8381	\$ 4.8799	\$ 4.9323	\$ 4.9742	\$ 4.9742	\$ 5.0056
<b>Btu - Zone 3</b>	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038
<b>Mcf Conversion</b>	\$ 4.6085	\$ 4.4403	\$ 4.7619	\$ 4.7830	\$ 4.7935	\$ 4.8250	\$ 4.8565	\$ 4.8986	\$ 4.9511	\$ 4.9932	\$ 4.9932	\$ 5.0247
<b>Ccf Conversion</b>	\$ 0.0461	\$ 0.0444	\$ 0.0476	\$ 0.0478	\$ 0.0479	\$ 0.0483	\$ 0.0486	\$ 0.0490	\$ 0.0495	\$ 0.0499	\$ 0.0499	\$ 0.0502
<b>Total Cost</b>	\$ 5,382.57	\$ 12,909.82	\$ 18,575.26	\$ 8,092.17	\$ 10,344.76	\$ 8,953.19	\$ 5,221.88	\$ 3,674.60	\$ 3,786.36	\$ 3,808.56	\$ 4,100.38	\$ 8,659.66
<b>Volume Hedged</b>	2,000	5,000	5,000	5,000	2,000	-	-	-	-	-	-	-
<b>WAP for Hedged</b>	\$ 4.5500	\$ 4.5500	\$ 4.5500	\$ 4.5500	\$ 4.5500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TGT Transport Fuel</b>	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
<b>AEM-Invoice/Dth</b>	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
<b>Btu - Zone 3</b>	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038
<b>Mcf Conversion</b>	\$ 5.4721	\$ 5.4721	\$ 5.4721	\$ 5.4721	\$ 5.4721	\$ 0.9047	\$ 0.9047	\$ 0.9047	\$ 0.9047	\$ 0.9047	\$ 0.9047	\$ 0.9047
<b>Ccf Conversion</b>	\$ 0.0547	\$ 0.0547	\$ 0.0547	\$ 0.0547	\$ 0.0547	\$ 0.0090	\$ 0.0090	\$ 0.0090	\$ 0.0090	\$ 0.0090	\$ 0.0090	\$ 0.0090
<b>Total Cost</b>	\$ 10,902.60	\$ 27,256.50	\$ 27,256.50	\$ 27,256.50	\$ 10,902.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>\$\$\$ per Dth</b>	\$ 5.1363	\$ 5.0725	\$ 5.1406	\$ 5.2772	\$ 5.0998	\$ 4.8067	\$ 4.8381	\$ 4.8799	\$ 4.9323	\$ 4.9742	\$ 4.9742	\$ 5.0056
<b>Overall \$\$\$ per Mcf</b>	\$ 5.1560	\$ 5.0913	\$ 5.1602	\$ 5.2972	\$ 5.1192	\$ 4.8250	\$ 4.8565	\$ 4.8986	\$ 4.9511	\$ 4.9932	\$ 4.9932	\$ 5.0247