

# Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

March 6, 2012

Case No. 2012-00086

RECEIVED

MAR 8 2012

PUBLIC SERVICE  
COMMISSION

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

Dear Mr. Derouen:

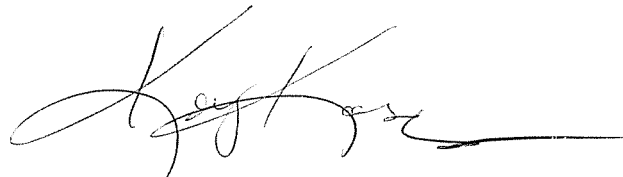
Enclosed please find our application for revised rates in accordance with purchased gas cost adjustment requirements.

We would like for the adjustment to become effective in April 1, 2012. If additional information is needed, please advise.

Your assistance is appreciated.

Yours truly,

VALLEY GAS, INC.



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	\$3.7360
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$1.6217)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$2.1143

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

A. EXPECTED GAS COST CALCULATION	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$131,875.67
/Sales for the 12 months ended	\$/Mcf	35,299.00
Expected Gas Cost	\$/Mcf	\$3.7360

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	\$0.0415
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0174)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0088)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0837)
Previous Quarter AA to expire 9/30/2013	\$/Mcf	(\$1.5533)
=Actual Adjustment (AA)	\$ Mcf	(\$1.6217)

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	<u>December 31, 2011</u>				
(1)	(2)	(3)	(4)	(5)	(6)
Supplier	Dth	Btu Conversion Factor	Mcf	Rate	(4) x (5) Cost
<u>ATMOS ENERGY</u>			<u>36,165</u>	<u>\$3.6465</u>	<u>\$131,875.67</u>
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals 36,165 \$131,875.67

Line loss for 12 months ended 12/31/2011 is based on purchases of 36,165.00  
and sales of 35,299.00 Mcf. 2.39%

Total Expected Cost of Purchases (6)	Unit	Amount
/ Mcf Purchases (4)		\$131,875.67
= Average Expected Cost Per Mcf Purchased		36,165
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		\$3.6465
= Total Expected Gas Cost (to Schedule IA)		36,165.00
		\$131,875.67

\*Note Line 14(e) is the average of the Atmos Sheet months April, May, June 2012

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	35,299.00
Current Supplier Refund Adjustment		0

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 12 month period ended September 30, 2011

Particulars	Unit	December 2010			November 2010			October 2010		
		Dec-10	Nov-10	Oct-10	Dec-10	Nov-10	Oct-10	Dec-10	Nov-10	Oct-10
Total Supply Volumes Purchased	Mcf	5308	3155	1949						
Total Cost of Volumes Purchased	\$	\$29,396.18	\$16,509.01	\$9,312.96						
/ Total Sales *	Mcf	5,043.0	3,093.0	1,852.0						
= Unit Cost of Gas	\$/Mcf	\$5.8291	\$5.3375	\$5.0286						
- EGC in Effect for Month	\$/Mcf	\$5.3873	\$5.3873	\$5.3873						
= Difference	\$/Mcf	\$0.4418	(\$0.0498)	(\$0.3587)						
x Actual Sales during Month	Mcf	4,926.0	3,093.0	1,557.0						
= Monthly Cost Difference	\$	\$2,176.33	(\$153.91)	(\$558.50)						
Total Cost Difference		\$1,463.92								
/ Sales for 12 months ended		35,299.0								
= Actual Adjustment for the Reporting Period (to Sch IC)		\$0.0415								

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

Valley Gas - Irvington, KY

TGT Meter 1874

FAX

(270) 547-2464



%	4.49%	Fuel Factor	0.04701
1%	0.9551		

Actual or Average 3 Yr USAGE	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Volume to Purchase	3,155	5,308	6,761	5,592	4,166	1,863	1,079	753	768	766	824	1,730
Current Market Price	1,155	308	1,761	592	2,166	1,863	1,079	753	768	766	824	1,730
TGT Transport	\$ 3,5240	\$ 3,3640	\$ 3,0840	\$ 2,6700	\$ 2,4460	\$ 2,4900	\$ 2,6000	\$ 2,6900	\$ 2,7600	\$ 2,8000	\$ 2,8700	\$ 2,8700
Fuel	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
AEIM-Invoice/Dth	\$ 4.5910	\$ 4.4234	\$ 4.1303	\$ 3.7052	\$ 3.4623	\$ 3.5084	\$ 3.6235	\$ 3.7178	\$ 3.7910	\$ 3.8329	\$ 3.8434	\$ 3.9062

Btu - Zone 3	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Mcf Conversion	\$ 4.6085	\$ 4.4503	\$ 4.1567	\$ 3.7359	\$ 3.4910	\$ 3.5375	\$ 3.6536	\$ 3.7486	\$ 3.8225	\$ 3.8647	\$ 3.8753	\$ 3.9386
Ccf Conversion	\$ 0.0461	\$ 0.0445	\$ 0.0416	\$ 0.0374	\$ 0.0349	\$ 0.0354	\$ 0.0365	\$ 0.0375	\$ 0.0382	\$ 0.0386	\$ 0.0388	\$ 0.0394
	\$ 5,302.57	\$ 1,362.42	\$ 7,273.43	\$ 2,193.48	\$ 7,500.47	\$ 6,534.90	\$ 3,910.99	\$ 2,799.47	\$ 2,910.26	\$ 2,934.75	\$ 3,168.24	\$ 6,757.76

Volume Hedged	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
WAGG of Hedges	2,000	5,000	5,000	5,000	2,000	-	-	-	-	-	-	-
TGT Transport	\$ 4,5500	\$ 4,5500	\$ 4,5500	\$ 4,5500	\$ 4,5500	\$ 4,5500	\$ 4,5500	\$ 4,5500	\$ 4,5500	\$ 4,5500	\$ 4,5500	\$ 4,5500
Fuel	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
AEIM-Invoice/Dth	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 5.4513	\$ 5.4513

Btu - Zone 3	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Mcf Conversion	\$ 5.4721	\$ 5.4844	\$ 5.4862	\$ 5.4965	\$ 5.4965	\$ 5.4965	\$ 5.4965	\$ 5.4965	\$ 5.4965	\$ 5.4965	\$ 5.4965	\$ 5.4965
Ccf Conversion	\$ 0.0547	\$ 0.0548	\$ 0.0549	\$ 0.0550	\$ 0.0550	\$ 0.0550	\$ 0.0550	\$ 0.0550	\$ 0.0550	\$ 0.0550	\$ 0.0550	\$ 0.0550
	\$ 10,902.60	\$ 27,256.50	\$ 27,256.50	\$ 27,256.50	\$ 10,902.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\$\$\$ per Dth	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Overall \$\$\$ per Mcf	\$ 5.1363	\$ 5.3917	\$ 5.1072	\$ 5.2664	\$ 4.4171	\$ 3.5084	\$ 3.6235	\$ 3.7178	\$ 3.7910	\$ 3.8329	\$ 3.8434	\$ 3.9062
	\$ 5.1560	\$ 5.4244	\$ 5.1399	\$ 5.3101	\$ 4.4537	\$ 3.5375	\$ 3.6536	\$ 3.7486	\$ 3.8225	\$ 3.8647	\$ 3.8753	\$ 3.9386