

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

November 18, 2013

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

RECEIVED

NOV 18 2013

PUBLIC SERVICE
COMMISSION

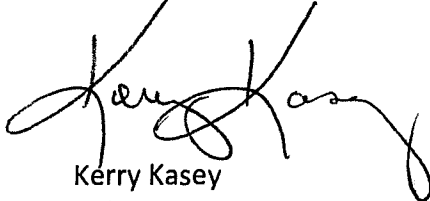
Dear Mr. Derouen:

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

We would like for the adjustment to become effective on January 1, 2014. If additional information is needed, please advise.

Your assistance is appreciated.

Sincerely



Kerry Kasey
Valley Gas, Inc.

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$4.9778
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$0.0824)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$4.8954

Rates to be effective for service rendered from January 1, 2014

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$176,727.46
/Sales for the 12 months ended	\$/Mcf	35,503.00
Expected Gas Cost	\$/Mcf	\$4.9778

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	(\$0.0186)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0127)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2890)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.2379
=Actual Adjustment (AA)	\$ Mcf	(\$0.0824)

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 September 30, 2013

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
ATMOS ENERGY			37522	\$4.7290	\$177,441.54
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals			37,522		\$177,441.54
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Line loss for 12 months ended <u>6/30/2013</u> is based on purchases of			<u>37,522.00</u>
and sales of <u>35,503.00</u> Mcf.			5.38%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$177,441.54
/ Mcf Purchases (4)		37,522
= Average Expected Cost Per Mcf Purchased		\$4.7290
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		37,371.00
= Total Expected Gas Cost (to Schedule IA)		\$176,727.46

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

September 30, 2013

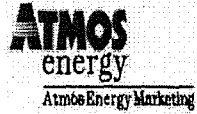
Particulars	Unit	Jul-13	Aug-13	Sep-13
Total Supply Volumes Purchased	Mcf	711	706	691
Total Cost of Volumes Purchased	\$	\$3,369.73	\$3,163.76	\$3,174.24
/ Total Sales *	Mcf	675.0	671.0	669.0
= Unit Cost of Gas	\$/Mcf	\$4.9922	\$4.7150	\$4.7448
- EGC in Effect for Month	\$/Mcf	\$5.1543	\$5.1543	\$5.1543
= Difference	\$/Mcf	(\$0.1621)	(\$0.4393)	(\$0.4095)
x Actual Sales during Month	Mcf	566.0	664.0	669.0
= Monthly Cost Difference	\$	(\$91.75)	(\$291.70)	(\$273.99)
Total Cost Difference		(\$657.44)		
/ Sales for 12 months ended		35,394.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.0186)		

* May not be less than 95% of supply volume

TGT Meter 1874

FAX

270.547.2455



Actual or Average 3 Yr USAGE	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Volume to Purchase	1,831	3,684	6,411	7,649	6,009	4,317
Settlement/Market Price	\$ 3.4980	\$ 3.4970	\$ 3.5700	\$ 3.6300	\$ 3.6300	\$ 3.6300
TGT Transport	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
Fuel	0.16	0.16	0.17	0.17	0.17	0.17
AEM-Invoice/Dth	\$ 4.5637	\$ 4.5627	\$ 4.6391	\$ 4.7019	\$ 4.7019	\$ 4.7019
Btu - Zone 3	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057
Mcf Conversion	\$ 4.5900	\$ 4.5889	\$ 4.6658	\$ 4.7290	\$ 4.7290	\$ 4.7290
Ccf Conversion	\$ 0.0459	\$ 0.0459	\$ 0.0467	\$ 0.0473	\$ 0.0473	\$ 0.0473
	\$ 8,356.21	\$ 16,807.45	\$ 29,741.45	\$ 35,966.78	\$ 28,252.45	\$ 20,299.88
Volume Hedged	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
WACOG for Hedges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TGT Transport	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
Fuel	-	-	-	-	-	-
AEM-Invoice/Dth	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
Btu - Zone 3	1.0057	1.0057	1.0057	1.0057	1.0057	1.0057
Mcf Conversion	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065	\$ 0.9065
Ccf Conversion	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$\$\$ per Dth	\$ 4.5637	\$ 4.5627	\$ 4.6391	\$ 4.7019	\$ 4.7019	\$ 4.7019
Overall \$\$\$ per Mcf	\$ 4.5900	\$ 4.5889	\$ 4.6658	\$ 4.7290	\$ 4.7290	\$ 4.7290
MCF Volume						