

# Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

RECEIVED

SEP 1- 2014

PUBLIC SERVICE  
COMMISSION

September 1, 2014

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

Dear Mr. Derouen:

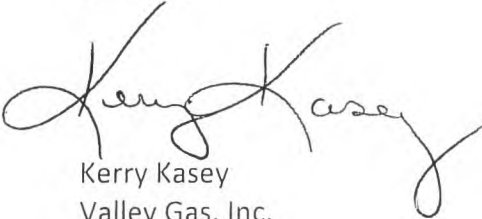
*Case No. 2014-00312*

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 Oct 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><br>Proposed |
|------------------------------|-------------|---------------------------|
| Expected Gas Cost (EGC)      | \$/Mcf      | \$6.2101                  |
| Refund Adjustment (RA)       | \$/Mcf      | \$0.0000                  |
| Actual Adjustment (AA)       | \$/Mcf      | (\$0.0681)                |
| Balance Adjustment (BA)      | \$/Mcf      | \$0.0000                  |
| Gas Cost Recovery Rate (GCR) | \$/Mcf      | \$6.1420                  |

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

| <u>A. EXPECTED GAS COST CALCULATION</u>                   | <u>Unit</u>     | <u>Amount</u>     |
|-----------------------------------------------------------|-----------------|-------------------|
| Total Expected Gas Cost (Sch II)                          | \$/Mcf          | \$243,268.23      |
| /Sales for the 12 months ended                            | \$/Mcf          | 39,173.00         |
| Expected Gas Cost                                         | \$/Mcf          | \$6.2101          |
| <br><u>B. REFUND ADJUSTMENT CALCULATION</u>               | <br><u>Unit</u> | <br><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          |
| <br><u>C. ACTUAL ADJUSTMENT CALCULATION</u>               | <br><u>Unit</u> | <br><u>Amount</u> |
| Actual Adjustment for the Reporting Period (Sch IV)       | \$/Mcf          | (\$0.3300)        |
| +Previous Quarter Reported Actual Adjustment              | \$/Mcf          | \$0.3095          |
| +Second Previous Quarter Reported Actual Adjustment       | \$/Mcf          | (\$0.0290)        |
| +Third Previous Quarter Reported Actual Adjustment        | \$/Mcf          | (\$0.0186)        |
| =Actual Adjustment (AA)                                   | \$ Mcf          | (\$0.0681)        |
| <br><u>D. BALANCE ADJUSTMENT CALCULATION</u>              | <br><u>Unit</u> | <br><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 2014

| (1)<br>Supplier | (2)<br>Dth | (3)<br>Btu<br>Conversion Factor | (4)<br>Mcf | (5)<br>Rate | (6)<br>(4) x (5)<br>Cost |
|-----------------|------------|---------------------------------|------------|-------------|--------------------------|
| ATMOS ENERGY    |            |                                 | 41525      | \$5.8997    | \$244,985.04             |
|                 |            |                                 |            |             | \$0.00                   |
|                 |            |                                 |            |             | \$0.00                   |
|                 |            |                                 |            |             | \$0.00                   |
|                 |            |                                 |            |             | \$0.00                   |
|                 |            |                                 |            |             | \$0.00                   |
|                 |            |                                 |            |             | \$0.00                   |

|        |  |  |        |  |              |
|--------|--|--|--------|--|--------------|
| Totals |  |  | 41,525 |  | \$244,985.04 |
|--------|--|--|--------|--|--------------|

Line loss for 12 months ended 6/30/2014 is based on purchases of 41,525.00  
and sales of 39,173.00 Mcf. 5.66%

|                                                             | <u>Unit</u> | <u>Amount</u> |
|-------------------------------------------------------------|-------------|---------------|
| Total Expected Cost of Purchases (6)                        |             | \$244,985.04  |
| / Mcf Purchases (4)                                         |             | 41,525        |
| = Average Expected Cost Per Mcf Purchased                   |             | \$5.8997      |
| x Allowable Mcf Purchases (must not exceed Mcf sales / .95) |             | 41,234.00     |
| = Total Expected Gas Cost (to Schedule IA)                  |             | \$243,268.23  |



Atmos Energy Marketing

| <i>Actual or Average 3 Yr<br/>USAGE</i> | Jul-14      | Aug-14      | Sep-14      | Oct-14      | Nov-14       | Dec-14       |
|-----------------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|
|                                         | 606         | 665         | 721         | 1,831       | 3,684        | 6,411        |
| <i>Volume to Purchase</i>               | 606         | 665         | 721         | 1,831       | 3,684        | 6,411        |
| <i>Settlement/Market Price</i>          | \$ 5.2578   | \$ 6.1490   | \$ 4.9500   | \$ 4.5000   | \$ 4.9500    | \$ 5.4450    |
| <i>TGT Transport</i>                    | \$ 0.9013   | \$ 0.9013   | \$ 0.9013   | \$ 0.9013   | \$ 0.9013    | \$ 0.9013    |
| <i>Fuel</i>                             | -           | -           | -           | -           | -            | -            |
| <i>AEM-Invoice/Dth</i>                  | \$ 6.1591   | \$ 7.0503   | \$ 5.8513   | \$ 5.4013   | \$ 5.8513    | \$ 6.3463    |
| <i>Btu - Zone 3</i>                     | 1.0057      | 1.0057      | 1.0057      | 1.0057      | 1.0057       | 1.0057       |
| <i>Mcf Conversion</i>                   | \$ 6.1942   | \$ 7.0905   | \$ 5.8847   | \$ 5.4321   | \$ 5.8847    | \$ 6.3825    |
| <i>Ccf Conversion</i>                   | \$ 0.0619   | \$ 0.0709   | \$ 0.0588   | \$ 0.0543   | \$ 0.0588    | \$ 0.0638    |
|                                         | \$ 3,732.41 | \$ 4,688.45 | \$ 4,218.79 | \$ 9,889.78 | \$ 21,556.19 | \$ 40,686.13 |
| <i>Volume Hedged</i>                    | Jul-14      | Aug-14      | Sep-14      | Oct-14      | Nov-14       | Dec-14       |
|                                         | -           | -           | -           | -           | -            | -            |
| <i>WACOG for Hedges</i>                 | \$ -        | \$ -        | \$ -        | \$ -        | \$ -         | \$ -         |
| <i>TGT Transport</i>                    | \$ 0.9013   | \$ 0.9013   | \$ 0.9013   | \$ 0.9013   | \$ 0.9013    | \$ 0.9013    |
| <i>Fuel</i>                             | -           | -           | -           | -           | -            | -            |
| <i>AEM-Invoice/Dth</i>                  | \$ 0.9013   | \$ 0.9013   | \$ 0.9013   | \$ 0.9013   | \$ 0.9013    | \$ 0.9013    |
| <i>Btu - Zone 3</i>                     | 1.0057      | 1.0057      | 1.0057      | 1.0057      | 1.0057       | 1.0057       |
| <i>Mcf Conversion</i>                   | \$ 0.9064   | \$ 0.9064   | \$ 0.9064   | \$ 0.9064   | \$ 0.9064    | \$ 0.9064    |
| <i>Ccf Conversion</i>                   | \$ 0.0091   | \$ 0.0091   | \$ 0.0091   | \$ 0.0091   | \$ 0.0091    | \$ 0.0091    |
|                                         | \$ -        | \$ -        | \$ -        | \$ -        | \$ -         | \$ -         |
| <i>\$\$\$ per Dth</i>                   | \$ 6.1591   | \$ 7.0503   | \$ 5.8513   | \$ 5.4013   | \$ 5.8513    | \$ 6.3463    |
| <i>Overall \$\$\$ per Mcf</i>           | \$ 6.1942   | \$ 7.0905   | \$ 5.8847   | \$ 5.4321   | \$ 5.8847    | \$ 6.3825    |