

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

March 4, 2015

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

RECEIVED
MAR 6 2015
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 April 1, 2015. If additional information is needed, please advise.

Your assistance is appreciated.

Sincerely

Kerry Kasey

Kerry Kasey
Valley Gas, Inc.

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u> Proposed
Expected Gas Cost (EGC)	\$/Mcf	\$4.6661
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$0.6669)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3.9992

Rates to be effective for service rendered from April 1, 2015

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$187,595.65
/Sales for the 12 months ended	\$/Mcf	40,204.00
Expected Gas Cost	\$/Mcf	\$4.6661
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<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
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	(\$0.5999)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0465)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.3300)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.3095
=Actual Adjustment (AA)	\$ Mcf	(\$0.6669)
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<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 December 31, 2014

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Constellation Energy			41327	\$4.5393	\$187,595.65
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals 41,327 \$187,595.65

Line loss for 12 months ended 12/31/2014 is based on purchases of 41,327.00
 and sales of 40,204.00 Mcf. 2.72%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$187,595.65
/ Mcf Purchases (4)		41,327
= Average Expected Cost Per Mcf Purchased		\$4.5393
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		41,327.00
= Total Expected Gas Cost (to Schedule IA)		\$187,595.65

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	40,204.00
<u>Current Supplier Refund Adjustment</u>		<u>0</u>

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended June 30, 2014

Particulars	Unit	Oct-14	Nov-14	Dec-14
Total Supply Volumes Purchased	Mcf	1555	5302	6530
Total Cost of Volumes Purchased	\$	\$7,527.60	\$17,090.20	\$26,810.44
/ Total Sales *	Mcf	1,477.0	5,037.0	6,204.0
= Unit Cost of Gas	\$/Mcf	\$5.0965	\$3.3929	\$4.3215
- EGC in Effect for Month	\$/Mcf	\$6.1420	\$6.1420	\$6.1420
= Difference	\$/Mcf	(\$1.0455)	(\$2.7491)	(\$1.8205)
x Actual Sales during Month	Mcf	1,210.0	4,543.0	5,693.0
= Monthly Cost Difference	\$	(\$1,265.00)	(\$12,489.01)	(\$10,364.24)
 Total Cost Difference		 (\$24,118.25)		
/ Sales for 12 months ended		40,204.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.5999)		

* May not be less than 95% of supply volume

Fuel
2.86%

<i>Actual or Average 3 Yr USAGE</i>	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
	7,175	6,282	5,527	1,901	995	659
<i>Nomination</i>	4,000	3,000	2,900	3,000	4,800	4,500
<i>Volume to Purchase</i>	1,500	1,200	300	2,250	3,600	3,350
<i>Settlement/Market Price</i>	\$ 5.3280	\$ 4.7580	\$ 4.6710	\$ 3.5000	\$ 3.5000	\$ 3.5000
<i>TGT Transport</i>	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008
<i>Fuel</i>						
<i>CNEG-Invoice/Dth</i>	\$ 6.2288	\$ 5.6588	\$ 5.5718	\$ 4.4008	\$ 4.4008	\$ 4.4008
<i>Btu - Zone 3</i>	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067
<i>Mcf Conversion</i>	\$ 6.2705	\$ 5.6967	\$ 5.6091	\$ 4.4303	\$ 4.4303	\$ 4.4303
<i>Ccf Conversion</i>	\$ 0.0627	\$ 0.0570	\$ 0.0561	\$ 0.0443	\$ 0.0443	\$ 0.0443
	\$ 9,343.20	\$ 6,790.56	\$ 1,671.54	\$ 9,901.80	\$ 15,842.88	\$ 14,742.68
<i>Volume Hedged</i>	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
	2,500	1,800	2,600	750	1,200	1,150
<i>WACOG for Hedges</i>	\$ 4.0700	\$ 4.0700	\$ 4.0700	\$ 3.9200	\$ 3.9200	\$ 3.9200
<i>TGT Transport</i>	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008
<i>Fuel</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>CNEG-Invoice/Dth</i>	\$ 4.9708	\$ 4.9708	\$ 4.9708	\$ 4.8208	\$ 4.8208	\$ 4.8208
<i>Btu - Zone 3</i>	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067
<i>Mcf Conversion</i>	\$ 5.0041	\$ 5.0041	\$ 5.0041	\$ 4.8531	\$ 4.8531	\$ 4.8531
<i>Ccf Conversion</i>	\$ 0.0500	\$ 0.0500	\$ 0.0500	\$ 0.0485	\$ 0.0485	\$ 0.0485
	\$ 12,427.00	\$ 8,947.44	\$ 12,924.08	\$ 3,615.60	\$ 5,784.96	\$ 5,543.92
<i>Storage (Injection)/Withdrawals</i>	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
	3,175	3,282	2,627	1,099	3,805	3,841
<i>WACOG for Storage</i>	\$ 3.9500	\$ 3.9500	\$ 3.9500	\$ 3.6050	\$ 3.6050	\$ 3.6073
<i>TGT Transport</i>	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008
<i>Fuel</i>						
<i>CNEG-Invoice/Dth</i>	\$ 4.8508	\$ 4.8508	\$ 4.8508	\$ 4.5058	\$ 4.5058	\$ 4.5081
<i>Btu - Zone 3</i>	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067
<i>Mcf Conversion</i>	\$ 4.8833	\$ 4.8833	\$ 4.8833	\$ 4.5360	\$ 4.5360	\$ 4.5383
<i>Ccf Conversion</i>	\$ 0.0488	\$ 0.0488	\$ 0.0488	\$ 0.0454	\$ 0.0454	\$ 0.0454
	\$ 15,401.29	\$ 15,920.33	\$ 12,743.05	\$ 4,951.87	\$ 17,144.57	\$ 17,315.74
<i>\$\$\$ per Dth</i>	\$ 5.1807	\$ 5.0395	\$ 4.9464	\$ 4.5058	\$ 4.5058	\$ 4.5081
Overall \$\$\$ per Mcf	\$ 5.2154	\$ 5.0733	\$ 4.9795	\$ 4.5360	\$ 4.5360	\$ 4.5383