

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455
RECEIVED

September 28, 2015

SEP 30 2015

PUBLIC SERVICE
COMMISSION

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

2015-00321

Dear Mr. Derouen:

Enclosed please find our revised application for revised rates in accordance with purchased gas cost adjustment requirements report. The initial application had an error in the calculations. Valley does not actually have line loss and request to use actual sales and purchase volumes in the AA calculation instead of adjusting for line loss. Therefore Valley is requesting a waiver to reduce the 30 day notice period to 20 days.

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>
Expected Gas Cost (EGC)	\$/Mcf	Proposed \$4.3692
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$1.2767)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3.0925

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

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$161,555.47
/Sales for the 12 months ended	\$/Mcf	36,976.00
Expected Gas Cost	\$/Mcf	\$4.3692
<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	\$0.5745
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$1.1921)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.6193)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0398)
=Actual Adjustment (AA)	\$ Mcf	(\$1.2767)
<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

0

SCHEDULE II
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended June 1, 2015

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Constellation Energy	36,611	1.02	35,893	\$4.5010	\$161,556.09
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals 35,893 \$161,556.09

Line loss for 12 months ended 06/31/2015 is based on purchases of 35,893.14
and sales of 36,976.00 Mcf. -3.02%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$161,556.09
/ Mcf Purchases (4)		35,893
= Average Expected Cost Per Mcf Purchased		\$4.5010
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		35,893.00
= Total Expected Gas Cost (to Schedule IA)		\$161,555.47

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended June 30, 2015

Particulars	Unit	Apr-15	May-15	Jun-15
Total Supply Volumes Purchased	Mcf	2108	2281	4314
Total Cost of Volumes Purchased	\$	\$11,146.89	\$10,845.24	\$16,165.56
/ Total Sales *	Mcf	1,930.0	1,156.0	541.0
= Unit Cost of Gas	\$/Mcf	\$5.7756	\$9.3817	\$29.8809
- EGC in Effect for Month	\$/Mcf	\$4.6634	\$4.6634	\$4.6634
= Difference	\$/Mcf	\$1.1122	\$4.7183	\$25.2175
x Actual Sales during Month	Mcf	1,930.0	1,156.0	541.0
= Monthly Cost Difference	\$	\$2,146.53	\$5,454.35	\$13,642.66
Total Cost Difference		\$21,243.54		
/ Sales for 12 months ended		36,976.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		\$0.5745		

* May not be less than 95% of supply volume

Actual or Average 3 Yr USAGE	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Nomination	7,175	6,282	5,527	1,901	995	659	589	706	691	1,831	4,603	6,889
Volume to Purchase	1,500	1,200	300	2,250	3,600	3,350	1,100	1,600	1,400	200		
Settlement/Market Price	\$ 5.3280	\$ 4.7580	\$ 4.6710	\$ 2.5900	\$ 2.5170	\$ 2.8150	\$ 2.7730	\$ 2.8860	\$ 2.6380	\$ 3.0000	\$ 3.0000	\$ 3.0000
TGT Transport	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008
Fuel												
CNEG-Invoice/Dth	\$ 6.2288	\$ 5.6588	\$ 5.5718	\$ 3.4908	\$ 3.4178	\$ 3.7158	\$ 3.6738	\$ 3.7868	\$ 3.5388	\$ 3.9008	\$ 3.9008	\$ 3.9008
Btu - Zone 3	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067
Mcf Conversion	\$ 6.2705	\$ 5.6967	\$ 5.6091	\$ 3.5142	\$ 3.4407	\$ 3.7407	\$ 3.6984	\$ 3.8122	\$ 3.5625	\$ 3.9269	\$ 3.9269	\$ 3.9269
Ccf Conversion	\$ 0.0627	\$ 0.0570	\$ 0.0561	\$ 0.0351	\$ 0.0344	\$ 0.0374	\$ 0.0370	\$ 0.0381	\$ 0.0356	\$ 0.0393	\$ 0.0393	\$ 0.0393
	\$ 9,343.20	\$ 6,790.56	\$ 1,671.54	\$ 7,854.30	\$ 12,304.08	\$ 12,447.93	\$ 4,041.18	\$ 6,058.88	\$ 4,954.32	\$ 780.16	\$ -	\$ -
Volume Hedged	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
	2,500	1,800	2,600	750	1,200	1,150	3,900	2,400	1,300	2,000	2,000	3,500
WACOG for Hedges	\$ 4.0700	\$ 4.0700	\$ 4.0700	\$ 3.9200	\$ 3.9200	\$ 3.9200	\$ 3.9533	\$ 3.9533	\$ 3.9546	\$ 3.9533	\$ 3.4441	\$ 3.5224
TGT Transport	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008
Fuel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CNEG-Invoice/Dth	\$ 4.9708	\$ 4.9708	\$ 4.9708	\$ 4.8208	\$ 4.8208	\$ 4.8208	\$ 4.8541	\$ 4.8541	\$ 4.8554	\$ 4.8541	\$ 4.3449	\$ 4.4232
Btu - Zone 3	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067
Mcf Conversion	\$ 5.0041	\$ 5.0041	\$ 5.0041	\$ 4.8531	\$ 4.8531	\$ 4.8531	\$ 4.8866	\$ 4.8866	\$ 4.8879	\$ 4.8866	\$ 4.3740	\$ 4.4528
Ccf Conversion	\$ 0.0500	\$ 0.0500	\$ 0.0500	\$ 0.0485	\$ 0.0485	\$ 0.0485	\$ 0.0489	\$ 0.0489	\$ 0.0489	\$ 0.0489	\$ 0.0437	\$ 0.0445
	\$ 12,427.00	\$ 8,947.44	\$ 12,924.08	\$ 3,615.60	\$ 5,784.96	\$ 5,543.92	\$ 18,930.99	\$ 11,649.84	\$ 6,312.02	\$ 9,708.20	\$ 8,689.80	\$ 15,481.20
Storage (Injection)/Withdrawals	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
	3,175	3,282	2,627	1,099	3,805	3,841	4,411	3,294	2,009	369	(2,603)	(3,389)
WACOG for Storage	\$ 3.9500	\$ 3.9500	\$ 3.9500	\$ 2.9225	\$ 2.8678	\$ 3.0974	\$ 3.6936	\$ 3.5264	\$ 3.2719	\$ 4.2533	\$ 3.4441	\$ 3.4322
TGT Transport	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008
Fuel												
CNEG-Invoice/Dth	\$ 4.8508	\$ 4.8508	\$ 4.8508	\$ 3.8233	\$ 3.7686	\$ 3.9982	\$ 4.5944	\$ 4.4272	\$ 4.1727	\$ 5.1541	\$ 4.3449	\$ 4.3330
Btu - Zone 3	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067	\$ 1.0067
Mcf Conversion	\$ 4.8833	\$ 4.8833	\$ 4.8833	\$ 3.8489	\$ 3.7938	\$ 4.0250	\$ 4.6252	\$ 4.4568	\$ 4.2007	\$ 5.1886	\$ 4.3740	\$ 4.3620
Ccf Conversion	\$ 0.0488	\$ 0.0488	\$ 0.0488	\$ 0.0385	\$ 0.0379	\$ 0.0402	\$ 0.0463	\$ 0.0446	\$ 0.0420	\$ 0.0519	\$ 0.0437	\$ 0.0436
	\$ 15,401.29	\$ 15,920.33	\$ 12,743.05	\$ 4,201.81	\$ 14,339.33	\$ 15,357.04	\$ 20,266.05	\$ 14,583.13	\$ 8,382.99	\$ 1,901.86	\$ (11,309.77)	\$ (14,684.48)
\$\$\$ per Dth	\$ 5.1807	\$ 5.0395	\$ 4.9464	\$ 3.8233	\$ 3.7686	\$ 3.9982	\$ 4.5944	\$ 4.4272	\$ 4.1727	\$ 4.6895	\$ 4.3449	\$ 4.3788
Overall \$\$\$ per Mcf	\$ 5.2154	\$ 5.0733	\$ 4.9795	\$ 3.8489	\$ 3.7938	\$ 4.0250	\$ 4.6252	\$ 4.4568	\$ 4.2007	\$ 4.7209	\$ 4.3740	\$ 4.4082