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Public Service
Commission

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146 270-547-2455

February 25, 2016

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 report.

If additional information is needed, please advice.

Your assistance is appreciated.

Sincerely

Kerry Kasey

Kerry Kasey
Valley Gas, Inc.

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

Component	Unit	Amount Proposed
Expected Gas Cost (EGC)	$/Mcf	$5.0254
Refund Adjustment (RA)	$/Mcf	$0.0000
Actual Adjustment (AA)	$/Mcf	($0.6164)
Balance Adjustment (BA)	$/Mcf	$0.0000
Gas Cost Recovery Rate (GCR)	$/Mcf	$4.4090

Rates to be effective for service rendered from April 1, 2016

A. EXPECTED GAS COST CALCULATION	Unit	Amount
Total Expected Gas Cost (Sch II)	$/Mcf	$166,681.64
/Sales for the 12 months ended	$/Mcf	33,168.00
Expected Gas Cost	$/Mcf	$5.0254

B. REFUND ADJUSTMENT CALCULATION	Unit	Amount
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	Unit	Amount
Actual Adjustment for the Reporting Period (Sch IV)	$/Mcf	$0.0182
+Previous Quarter Reported Actual Adjustment	$/Mcf	($0.0170)
+Second Previous Quarter Reported Actual Adjustment	$/Mcf	$0.5745
+Third Previous Quarter Reported Actual Adjustment	$/Mcf	($1.1921)
=Actual Adjustment (AA)	$ Mcf	($0.6164)

D. BALANCE ADJUSTMENT CALCULATION	Unit	Amount
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, 2015

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Constellation Energy	42,099	1.03045	40,855	$4.7742	$195,049.78
					$0.00
					$0.00
					$0.00
					$0.00
					$0.00
					$0.00
Totals			40,855		$195,049.78

Line loss for 12 months ended 12/31/2015 is based on purchases of 40,854.97
and sales of 33,168.00 Mcf. 18.82%

	Unit	Amount
Total Expected Cost of Purchases (6)		$195,049.78
/ Mcf Purchases (4)		40,855
= Average Expected Cost Per Mcf Purchased		$4.7742
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		34,913.00
= Total Expected Gas Cost (to Schedule IA)		$166,681.64

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended September 30, 2015

Particulars	Unit	Oct-15	Nov-15	Dec-15
Total Supply Volumes Purchased	Mcf	1155	2034	3361
Total Cost of Volumes Purchased	$	$6,783.41	$10,827.94	$16,023.03
/ Total Sales *	Mcf	1,154.0	2,323.0	4,083.0
= Unit Cost of Gas	$/Mcf	$5.8782	$4.6612	$3.9243
- EGC in Effect for Month	$/Mcf	$4.3692	$4.3692	$4.3692
= Difference	$/Mcf	$1.5090	$0.2920	($0.4449)
x Actual Sales during Month	Mcf	1,154.0	2,323.0	4,083.0
= Monthly Cost Difference	$	$1,741.35	$678.29	($1,816.41)

Total Cost Difference	$603.23
/ Sales for 12 months ended	33,168.0
= Actual Adjustment for the Reporting Period (to Sch IC)	$0.0182

* May not be less than 95% of supply volume

Fuel
2.54%

Actual or Average 3 Yr USAGE	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
	7,175	6,282	4,807	1,901	995	659
Nomination	3,000	2,200	3,200	1,550	2,775	2,625
Volume to Purchase	-	-	-	-	-	-
Settlment/Market Price	$ 2.6210	$ 2.6210	$ 2.6210	$ 2.2990	$ 2.2990	$ 2.2990
TGT Transport	$ 0.9008	$ 0.9008	$ 0.9008	$ 0.9008	$ 0.9008	$ 0.9008
Fuel						
CNEG-Invoice/Dth	$ 3.5218	$ 3.5218	$ 3.5218	$ 3.1998	$ 3.1998	$ 3.1998
Btu - Zone 3	$ 1.0042	$ 1.0042	$ 1.0042	$ 1.0053	$ 1.0053	$ 1.0053
Mcf Conversion	$ 3.5366	$ 3.5366	$ 3.5366	$ 3.2168	$ 3.2168	$ 3.2168
Ccf Conversion	$ 0.0354	$ 0.0354	$ 0.0354	$ 0.0322	$ 0.0322	$ 0.0322
	$ -	$ -	$ -	$ -	$ -	$ -
Volume Hedged	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
	3,000	2,200	3,200	1,550	2,775	2,625
WACOG for Hedges	$ 3.5672	$ 3.5495	$ 3.5116	$ 3.9458	$ 3.8038	$ 3.7952
TGT Transport	$ 0.9008	$ 0.9008	$ 0.9008	$ 0.9008	$ 0.9008	$ 0.9008
Fuel	$ -	$ -	$ -	$ -	$ -	$ -
CNEG-Invoice/Dth	$ 4.4680	$ 4.4503	$ 4.4124	$ 4.8466	$ 4.7046	$ 4.6960
Btu - Zone 3	$ 1.0042	$ 1.0042	$ 1.0042	$ 1.0053	$ 1.0053	$ 1.0053
Mcf Conversion	$ 4.4868	$ 4.4690	$ 4.4309	$ 4.8723	$ 4.7295	$ 4.7209
Ccf Conversion	$ 0.0449	$ 0.0447	$ 0.0443	$ 0.0487	$ 0.0473	$ 0.0472
	$ 13,404.00	$ 9,790.66	$ 14,119.68	$ 7,512.23	$ 13,055.27	$ 12,327.00
Storage (Injection)/Withdrawals	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
	(4,175)	(4,082)	(1,607)	(351)	1,780	1,966
WACOG for Storage	$ 3.5672	$ 3.5495	$ 3.5116	$ 3.9458	$ 3.8038	$ 3.7952
TGT Transport	$ 0.9008	$ 0.9008	$ 0.9008	$ 0.9008	$ 0.9008	$ 0.9008
Fuel						
CNEG-Invoice/Dth	$ 4.4680	$ 4.4503	$ 4.4124	$ 4.8466	$ 4.7046	$ 4.6960
Btu - Zone 3	$ 1.0042	$ 1.0042	$ 1.0042	$ 1.0053	$ 1.0053	$ 1.0053
Mcf Conversion	$ 4.4868	$ 4.4690	$ 4.4309	$ 4.8723	$ 4.7295	$ 4.7209
Ccf Conversion	$ 0.0449	$ 0.0447	$ 0.0443	$ 0.0487	$ 0.0473	$ 0.0472
	$ (18,653.90)	$ (18,166.12)	$ (7,090.73)	$ (1,701.16)	$ 8,374.19	$ 9,232.34
$$$ per Dth	$ 4.4680	$ 4.4503	$ 4.4124	$ 4.8466	$ 4.7046	$ 4.6960
Overall $$$ per Mcf	$ 4.4868	$ 4.4690	$ 4.4309	$ 4.8723	$ 4.7295	$ 4.7209