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Public Service
Commission

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

June 7, 2016

Aaron Greenwell
Executive Director
Public Service Commission
PO Box 615
Frankfort, Kentucky 40602-0615

Dear Mr. Greenwell:

Enclosed please find our application for revised rates in accordance with purchased gas cost adjustment requirements report. There is a discrepancy between sales and purchases because the cost of purchases includes storage gas cost and volumes.

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	\$5.0894
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$0.6925)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$4.3970

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

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$153,187.31
/Sales for the 12 months ended	\$/Mcf	30,099.00
Expected Gas Cost	\$/Mcf	\$5.0894

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	(\$1.2682)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0182
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0170)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.5745
=Actual Adjustment (AA)	\$/Mcf	(\$0.6925)

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 December 31, 2015

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Constellation Energy	49,762	1.03045	48,292	\$4.8350	\$233,489.51
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals			48,292		\$233,489.51
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Line loss for 12 months ended	<u>3/31/2016</u>	is based on purchases of			
and sales of	<u>30,099.00</u>	Mcf.	37.67%	<u>48,291.52</u>	

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$233,489.51
/ Mcf Purchases (4)		48,292
= Average Expected Cost Per Mcf Purchased		\$4.8350
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		31,683.00
= Total Expected Gas Cost (to Schedule IA)		\$153,187.31

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

March 31, 2016

Particulars	Unit	Jan-16	Feb-16	Mar-16
Total Supply Volumes Purchased	Mcf	3000	2200	3200
Total Cost of Volumes Purchased	\$	\$17,745.67	\$13,246.21	\$13,815.99
/ Total Sales *	Mcf	7,128.0	5,783.0	4,198.0
= Unit Cost of Gas	\$/Mcf	\$2.4896	\$2.2905	\$3.2911
- EGC in Effect for Month	\$/Mcf	\$4.8500	\$4.8500	\$4.8500
= Difference	\$/Mcf	(\$2.3604)	(\$2.5595)	(\$1.5589)
x Actual Sales during Month	Mcf	7,128.0	5,783.0	4,198.0
= Monthly Cost Difference	\$	(\$16,825.13)	(\$14,801.34)	(\$6,544.31)
Total Cost Difference		(\$38,170.78)		
/ Sales for 12 months ended		30,099.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$1.2682)		

* May not be less than 95% of supply volume

Rate Sheet Jul-Aug-Sep 2016.xlsx

Fuel 2.86%

Actual or Average 3 Yr USAGE	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
	Nomination	7,175	6,282	4,807	1,901	995	659	589	660
Volume to Purchase	3,000	2,200	3,200	1,550	2,775	2,625	2,975	1,600	800
Settlement/Market Price	-	-	-	-	-	-	-	-	-
TGT Transport	\$ 2.6210	\$ 2.6210	\$ 2.6210	\$ 2.2990	\$ 2.2990	\$ 2.2990	\$ 2.6270	\$ 2.6270	\$ 2.6270
Fuel	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 0.9008
CNEG-Invoice/Dth	\$ 3.5218	\$ 3.5218	\$ 3.5218	\$ 3.1998	\$ 3.1998	\$ 3.1998	\$ 3.5278	\$ 3.5278	\$ 3.5278
Btu - Zone 3	\$ 1.0042	\$ 1.0042	\$ 1.0042	\$ 1.0053	\$ 1.0053	\$ 1.0053	\$ 1.0069	\$ 1.0069	\$ 1.0069
Mcf Conversion	\$ 3.5366	\$ 3.5366	\$ 3.5366	\$ 3.2168	\$ 3.2168	\$ 3.2168	\$ 3.5521	\$ 3.5521	\$ 3.5521
Ccf Conversion	\$ 0.0354	\$ 0.0354	\$ 0.0354	\$ 0.0322	\$ 0.0322	\$ 0.0322	\$ 0.0355	\$ 0.0355	\$ 0.0355
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Volume Hedged	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
	3,000	2,200	3,200	1,550	2,775	2,625	2,975	1,600	800
WACOG for Hedges	\$ 3.5672	\$ 3.5495	\$ 3.5116	\$ 3.9458	\$ 3.8038	\$ 3.7952	\$ 3.8133	\$ 3.9450	\$ 3.9450
TGT Transport	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 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	\$ 4.7141	\$ 4.8458	\$ 4.8458
Btu - Zone 3	\$ 1.0042	\$ 1.0042	\$ 1.0042	\$ 1.0053	\$ 1.0053	\$ 1.0053	\$ 1.0069	\$ 1.0069	\$ 1.0069
Mcf Conversion	\$ 4.4868	\$ 4.4690	\$ 4.4309	\$ 4.8723	\$ 4.7295	\$ 4.7209	\$ 4.7466	\$ 4.8792	\$ 4.8792
Ccf Conversion	\$ 0.0449	\$ 0.0447	\$ 0.0443	\$ 0.0487	\$ 0.0473	\$ 0.0472	\$ 0.0475	\$ 0.0488	\$ 0.0488
	\$ 13,404.00	\$ 9,790.66	\$ 14,119.68	\$ 7,512.23	\$ 13,055.27	\$ 12,327.00	\$ 14,024.45	\$ 7,753.28	\$ 3,876.64
Storage (Injection)/Withdrawals	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
	(4,175)	(4,082)	(1,607)	(351)	1,780	1,966	2,386	940	140
WACOG for Storage	\$ 3.5672	\$ 3.5495	\$ 3.5116	\$ 3.9458	\$ 3.8038	\$ 3.7952	\$ 3.8133	\$ 3.9450	\$ 3.9450
TGT Transport	\$ 0.9008	\$ 0.9008	\$ 0.9008	\$ 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	\$ 4.7141	\$ 4.8458	\$ 4.8458
Btu - Zone 3	\$ 1.0042	\$ 1.0042	\$ 1.0042	\$ 1.0053	\$ 1.0053	\$ 1.0053	\$ 1.0069	\$ 1.0069	\$ 1.0069
Mcf Conversion	\$ 4.4868	\$ 4.4690	\$ 4.4309	\$ 4.8723	\$ 4.7295	\$ 4.7209	\$ 4.7466	\$ 4.8792	\$ 4.8792
Ccf Conversion	\$ 0.0449	\$ 0.0447	\$ 0.0443	\$ 0.0487	\$ 0.0473	\$ 0.0472	\$ 0.0475	\$ 0.0488	\$ 0.0488
	\$ (18,653.90)	\$ (18,166.12)	\$ (7,090.73)	\$ (1,701.16)	\$ 8,374.19	\$ 9,232.34	\$ 11,247.84	\$ 4,555.05	\$ 678.41
\$\$\$ per Dth	\$ 4.4680	\$ 4.4503	\$ 4.4124	\$ 4.8466	\$ 4.7046	\$ 4.6960	\$ 4.7141	\$ 4.8458	\$ 4.8458
Overall \$\$\$ per Mcf	\$ 4.4868	\$ 4.4690	\$ 4.4309	\$ 4.8723	\$ 4.7295	\$ 4.7209	\$ 4.7466	\$ 4.8792	\$ 4.8792