

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

November 23, 2016

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

RECEIVED

NOV 28 2016

Public Service
Commission

Dear Mr. Greenwell:

Enclosed please find our application for revised rates in accordance with purchased gas cost adjustment requirements report

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	\$4.3271
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$1.1378)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3.1893

Rates to be effective for service rendered from January 1, 2017

A. EXPECTED GAS COST CALCULATION	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$130,254.36
/Sales for the 12 months ended	\$/Mcf	30,102.00
Expected Gas Cost	\$/Mcf	\$4.3271

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	(\$0.0339)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.1461
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$1.2682)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0182
=Actual Adjustment (AA)	\$ Mcf	(\$1.1378)

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 September 30, 2016

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Constellation Energy			30,102	\$4.3271	\$130,254.36
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals			30,102		\$130,254.36
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Line loss for 12 months ended 9/30/2016 is based on purchases of
 and sales of 30,102.00 Mcf. 0.00% 30,102.00

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$130,254.36
/ Mcf Purchases (4)	30,102	\$4.3271
= Average Expected Cost Per Mcf Purchased		\$4.3271
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		30,102.00
= Total Expected Gas Cost (to Schedule IA)		\$130,254.36

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended September 30, 2016

Particulars	Unit	Jul-16	Aug-16	Sep-16
Total Supply Volumes Purchased	Mcf	5053	5053	4880
Total Cost of Volumes Purchased	\$	\$20,565.17	\$17,268.92	\$18,318.03
/ Total Sales *	Mcf	4,800.0	4,800.0	4,636.0
= Unit Cost of Gas	\$/Mcf	\$4.2844	\$3.5977	\$3.9513
- EGC in Effect for Month	\$/Mcf	\$4.5482	\$4.5482	\$4.5482
= Difference	\$/Mcf	(\$0.2638)	(\$0.9505)	(\$0.5969)
x Actual Sales during Month	Mcf	543.0	549.0	597.0
= Monthly Cost Difference	\$	(\$143.24)	(\$521.83)	(\$356.37)
Total Cost Difference		(\$1,021.44)		
/ Sales for 12 months ended		30,102.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.0339)		

* May not be less than 95% of supply volume

Rate Sheet Jan-Feb-Mar 2017.xlsx

Actual or Average 3 Yr USAGE	Jan-17	Feb-17	Mar-17
		7,175	6,282
Nomination	1,500	1,100	1,600
Volume to Purchase	-	-	-
Settlement/Market Price	\$ 3.2770	\$ 3.2770	\$ 3.2770
TGT Transport	\$ 0.9007	\$ 0.9007	\$ 0.9007
Fuel			
CNEG-Invoice/Dth	\$ 4.1777	\$ 4.1777	\$ 4.1777
Btu - Zone 3	\$ 1.0058	\$ 1.0058	\$ 1.0058
Mcf Conversion	\$ 4.2019	\$ 4.2019	\$ 4.2019
Ccf Conversion	\$ 0.0420	\$ 0.0420	\$ 0.0420
	\$ -	\$ -	\$ -
Volume Hedged	Jan-17	Feb-17	Mar-17
	1,500	1,100	1,600
WACOG for Hedges	\$ 3.4970	\$ 3.4291	\$ 3.2783
TGT Transport	\$ 0.9007	\$ 0.9007	\$ 0.9007
Fuel	\$ -	\$ -	\$ -
CNEG-Invoice/Dth	\$ 4.3977	\$ 4.3298	\$ 4.1790
Btu - Zone 3	\$ 1.0058	\$ 1.0058	\$ 1.0058
Mcf Conversion	\$ 4.4232	\$ 4.3549	\$ 4.2032
Ccf Conversion	\$ 0.0442	\$ 0.0435	\$ 0.0420
	\$ 6,596.55	\$ 4,762.78	\$ 6,686.40
Storage (Injection)/Withdrawals	Jan-17	Feb-17	Mar-17
	(5,675)	(5,182)	(3,207)
WACOG for Storage	\$ 3.4970	\$ 3.4291	\$ 3.2783
TGT Transport	\$ 0.9007	\$ 0.9007	\$ 0.9007
Fuel			
CNEG-Invoice/Dth	\$ 4.3977	\$ 4.3298	\$ 4.1790
Btu - Zone 3	\$ 1.0058	\$ 1.0058	\$ 1.0058
Mcf Conversion	\$ 4.4232	\$ 4.3549	\$ 4.2032
Ccf Conversion	\$ 0.0442	\$ 0.0435	\$ 0.0420
	\$ (24,956.95)	\$ (22,437.02)	\$ (13,402.05)
\$\$\$ per Dth	\$ 4.3977	\$ 4.3298	\$ 4.1790
Overall \$\$\$ per Mcf	\$ 4.4232	\$ 4.3549	\$ 4.2032