November 23, 2016

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



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 advice.

Your assistance is appreciated.

Sincerely

Kerry Kasey

Kerry Kasey Valley Gas, Inc.

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

| Expected Gas Cost (EGC) | Component | Unit | Amount Proposed |
|--|---|-----------------|----------------------|
| Refund Adjustment (RA) \$/Mcf \$0.0000 Actual Adjustment (AA) \$/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 Unit Amount Total Expected Gas Cost (Sch II) \$/Mcf \$130,254.36 //Sales for the 12 months ended \$/Mcf 30,102.00 Expected Gas Cost (Sch III) \$/Mcf \$4.3271 B. REFUND ADJUSTMENT CALCULATION Unit Amount Supplier Refund Adjustment for Reporting Period (Sch III) \$/Mcf \$0.0000 +Previous Quarter Supplier Refund Adjustment \$/Mcf \$1.2682) -Refund Adjustment for Adjustment \$/Mcf \$0.0000 C. ACTUAL ADJUSTMENT CALCULATION Unit Amount Actual Adjustment for Reporting Period (Sch IV) \$/Mcf \$0.0000 C. ACTUAL ADJUSTMENT CALCULATION Unit Amount Actual Adjustment for the Reporting Period (Sch IV) \$/Mcf \$0.0000 C. ACTUAL ADJUSTMENT CALCULATION Unit Amount Actual Adjustment for the Reporting Period (Sch IV) \$/Mcf \$0.0000 C. ACTUAL ADJUSTMENT CALCULATION Unit Amount Actual Adjustment for the Reporting Period (Sch IV) \$/Mcf \$0.1461 +Second Previous Quarter Reported Actual Adjustment \$/Mcf \$0.1461 +Second Previous Quarter Reported Actual Adjustment \$/Mcf \$0.0182 -Actual Adjustment (AA) \$/Mcf \$0.0182 -Actual Adjustment (AA) \$/Mcf \$0.0182 -Actual Adjustment for the Reporting Period (Sch V) \$/Mcf \$0.0182 -Actual Adjustment for the Reported Actual Adjustment \$/Mcf \$0.0182 -Actual Adjustment for the Reported Actual Adjustment \$/Mcf \$0.0182 -Actual Adjustment for the Reported Actual Adjustment \$/Mcf \$0.0182 -Actual Adjustment for the Reported Actual Adjustment \$/Mcf \$0.0000 -Previous Quarter Reported Balance Adjustment \$/Mcf \$0.0000 -Previous Quarter Reported Balance Adjustment \$/Mcf \$0.0000 -Previous Quarter Reported Balance Adjustment \$/Mcf \$0.0000 | Expected Cos Cost (ECC) | ₽/Mof | - |
| Actual Adjustment (AA) Balance Adjustment (BA) Gas Cost Recovery Rate (GCR) Rates to be effective for service rendered from January 1, 2017 A. EXPECTED GAS COST CALCULATION Junit Amount Total Expected Gas Cost (Sch II) Sales for the 12 months ended Expected Gas Cost SyMcf B. REFUND ADJUSTMENT CALCULATION Supplier Refund Adjustment for Reporting Period (Sch III) Fervious Quarter Supplier Refund Adjustment Freiund Adjustment (RA) C. ACTUAL ADJUSTMENT CALCULATION C. ACTUAL ADJUSTMENT CALCULATION Actual Adjustment for the Reporting Period (Sch IV) Frevious Quarter Reported Actual Adjustment Frevious Quarter Reported Actual Adjustment Second Previous Quarter Supplier Refund Adjustment Frevious Quarter Supplier Refund Adjustment SyMcf Frevious Quarter Supplier Refund Adjustment Frevious Quarter Supplier Refund Adjustment Frevious Quarter Supplier Refund Adjustment SyMcf Frevious Quarter Reported Actual Adjustment SyMcf Frevious Quarter Reported Actual Adjustment SyMcf Sociolate Frevious Quarter Reported Actual Adjustment SyMcf SyMcf Sociolate Frevious Quarter Reported Actual Adjustment SyMcf Symcf Symcf Symcf Symcf Symcf Symcf Frevious Quarter Reported Balance Adjustment SyMcf Frevious Quarter Reported Balance Adjustment Frevious Quarter Reported Balance A | · · · · · · · · · · · · · · · · · · · | • | |
| 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 Unit Amount 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 Unit Amount Supplier Refund Adjustment for Reporting Period (Sch III) \$/Mcf \$0.0000 +Previous Quarter Supplier Refund Adjustment \$/Mcf \$0.0000 +Previous Quarter Supplier Refund Adjustment \$/Mcf \$0.0000 -Refund Adjustment (RA) \$ Mcf \$0.0000 C. ACTUAL ADJUSTMENT CALCULATION Unit Amount Actual Adjustment for the Reporting Period (Sch IV) \$/Mcf \$0.0339 +Previous Quarter Reported Actual Adjustment \$/Mcf \$0.0182 +Second Previous Quarter Reported Actual Adjustment \$/Mcf \$0.0182 -Actual Adjustment (AA) \$ Mcf \$0.0182 | | • | · |
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| C. ACTUAL ADJUSTMENT CALCULATION Actual Adjustment for the Reporting Period (Sch IV) +Previous Quarter Reported Actual Adjustment +Second Previous Quarter Reported Actual Adjustment +Third Previous Quarter Reported Actual Adjustment +Third Previous Quarter Reported Actual Adjustment ### Social Adjustment Symcf | | | \$0,0000 |
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| +Third Previous Quarter Reported Balance Adjustment \$/Mcf | | \$/Mcf | |
| | | \$/Mcf | |
| | | \$ Mcf | \$0.0000 |

SCHEDULE II

EXPECTED GAS COST

| Actual Mcf Purchases for 12 m | onths ended | September 30, 2016 | | | |
|---|------------------------|-------------------------------|--------|-------------|--|
| (1) | (2) | (3) Btu | (4) | (5) | (6) (4) x (5) |
| Supplier | Dth | Conversion Factor | Mcf | Rate | 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 |
| Line loss for 12 months ended and sales of | 9/30/2016 30,102.00 | is based on purchases of Mcf. | 0.00% | 30,102.00 | |
| Total Expected Cost of Purcha / Mcf Purchases (4) | ses (6) | | | <u>Unit</u> | Amount \$130,254.36 30,102 |
| = Average Expected Cost Per | Mcf Purchased | | | | \$4.3271 |
| x Allowable Mcf Purchases (m | | | | | 30,102.00 |
| = Total Expected Gas Cost (to | | | | | \$130,254.36 |

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

September 30, 3016

| Particulars | Unit | <i>Jul-</i> 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 | od (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 | Jan-17 | | Feb-17 | | Mar-17 | |
|-------------------------|-----------------|-------------|-------------|-------------|----------|-------------|
| USAGE | of Average 3 11 | | 6,282 | | 4,807 | |
| Nomination | | 1,500 | | 1,100 | | 1,600 |
| Volume to Purchase | | | | | | |
| Settlment/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 |
| | \$ | - | \$ | - | \$ | - |
| Valuus Hadaad | | Jan-17 | | Feb-17 | | Mar-17 |
| Volume Hedged | | 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 | | Jan-17 | Feb-17 | | 7 Mar-17 | |
| (Injection)/Withdrawals | | (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 |