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AUG 25 2017

PUBLIC SERVICE
COMMISSION

270-547-2455

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

Case No. 2017-00348

August 21, 2017

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.

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	\$4.5722
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$1.0206)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3.5516

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

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$138,126.16
/Sales for the 12 months ended	\$/Mcf	30,210.00
Expected Gas Cost	\$/Mcf	\$4.5722
<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	(\$0.2605)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.6588)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0780)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0233)
=Actual Adjustment (AA)	\$ Mcf	(\$1.0206)
<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

SCHEDULE II
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended June 30, 2017

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Constellation Energy			30,210	\$4.5722	\$138,126.16
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
Totals			30,210		\$138,126.16

Line loss for 12 months ended 6/30/2017 is based on purchases of
and sales of 30,210.00 Mcf. 30,210.00
0.00%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$138,126.16
/ Mcf Purchases (4)	30,210	30,210
= Average Expected Cost Per Mcf Purchased		\$4.5722
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		30,210.00
= Total Expected Gas Cost (to Schedule IA)		\$138,126.16

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Description	Unit	Amount
Supplier Refunds Received during 2 Month Period Interest Factor (90 Day Commercial Paper Rate)	\$	
Refunds Including Interest	\$	\$0.00
Divided by 12 Month Projected Sales Ended	Mcf	30,210.00
<u>Current Supplier Refund Adjustment</u>		<u>0</u>

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

June 30, 2017

Particulars	Unit	Apr-17	May-17	Jun-17
Total Supply Volumes Purchased	Mcf	1125	4498	4713
Total Cost of Volumes Purchased	\$	\$6,934.66	\$18,346.77	\$16,657.31
/ Total Sales *	Mcf	2,865.0	4,273.0	4,477.0
= Unit Cost of Gas	\$/Mcf	\$2.4205	\$4.2937	\$3.7206
- EGC in Effect for Month	\$/Mcf	\$4.7742	\$4.7742	\$4.7742
= Difference	\$/Mcf	(\$2.3537)	(\$0.4805)	(\$1.0536)
x Actual Sales during Month	Mcf	2,865.0	1,047.0	591.0
= Monthly Cost Difference	\$	(\$6,743.42)	(\$503.13)	(\$622.65)
Total Cost Difference		(\$7,869.21)		
/ Sales for 12 months ended		30,210.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.2605)		

* May not be less than 95% of supply volume

Fuel 2.86%

Actual or Average 3 Yr USAGE	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
	7,175	6,282	4,807	3,275	2,605	659	589	660	660	1,831	4,603	5,300
Nomination	1,500	1,100	1,600	1,125	1,865	1,725	1,950	1,200	600	5,550	3,395	3,500
Volume to Purchase	-	-	-	-	-	-	-	-	-	4,000	2,220	1,650
Settlement/Market Price	\$ 3.2770	\$ 3.2770	\$ 3.2770	\$ 3.2770	\$ 3.2770	\$ 3.2770	\$ 3.6380	\$ 3.6380	\$ 3.6380	\$ 3.6860	\$ 3.6860	\$ 3.6860
TGT Transport	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007
Fuel												
CNEG-Invoice/Dth	\$ 4.1777	\$ 4.1777	\$ 4.1777	\$ 4.1777	\$ 4.1777	\$ 4.1777	\$ 4.5387	\$ 4.5387	\$ 4.5387	\$ 4.5867	\$ 4.5867	\$ 4.5867
Btu - Zone 3	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058
Mcf Conversion	\$ 4.2019	\$ 4.2019	\$ 4.2019	\$ 4.2019	\$ 4.2019	\$ 4.2019	\$ 4.5650	\$ 4.5650	\$ 4.5650	\$ 4.6133	\$ 4.6133	\$ 4.6133
Ccf Conversion	\$ 0.0420	\$ 0.0420	\$ 0.0420	\$ 0.0420	\$ 0.0420	\$ 0.0420	\$ 0.0457	\$ 0.0457	\$ 0.0457	\$ 0.0461	\$ 0.0461	\$ 0.0461
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,346.80	\$ 10,182.47	\$ 7,568.06
Volume Hedged	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
	1,500	1,100	1,600	1,125	1,865	1,725	1,950	1,200	600	1,550	1,175	1,850
WACOG for Hedges	\$ 3.4970	\$ 3.4291	\$ 3.2783	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800
TGT Transport	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007
Fuel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CNEG-Invoice/Dth	\$ 4.3977	\$ 4.3298	\$ 4.1790	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807
Btu - Zone 3	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058
Mcf Conversion	\$ 4.4232	\$ 4.3549	\$ 4.2032	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067
Ccf Conversion	\$ 0.0442	\$ 0.0435	\$ 0.0420	\$ 0.0451	\$ 0.0451	\$ 0.0451	\$ 0.0451	\$ 0.0451	\$ 0.0451	\$ 0.0451	\$ 0.0451	\$ 0.0451
	\$ 6,596.55	\$ 4,762.78	\$ 6,686.40	\$ 5,040.79	\$ 8,356.51	\$ 7,729.21	\$ 8,737.37	\$ 5,376.84	\$ 2,688.42	\$ 6,945.09	\$ 5,264.82	\$ 8,289.30
Storage (Injection)/Withdrawals	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
	(5,675)	(5,182)	(3,207)	(2,150)	(740)	1,066	1,361	540	(60)	3,719	(1,208)	(1,800)
WACOG for Storage	\$ 3.4970	\$ 3.4291	\$ 3.2783	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.6564	\$ 3.6493	\$ 3.6300
TGT Transport	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007	\$ 0.9007
Fuel												
CNEG-Invoice/Dth	\$ 4.3977	\$ 4.3298	\$ 4.1790	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.5571	\$ 4.5500	\$ 4.5307
Btu - Zone 3	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0058
Mcf Conversion	\$ 4.4232	\$ 4.3549	\$ 4.2032	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5835	\$ 4.5764	\$ 4.5569
Ccf Conversion	\$ 0.0442	\$ 0.0435	\$ 0.0420	\$ 0.0451	\$ 0.0451	\$ 0.0451	\$ 0.0451	\$ 0.0451	\$ 0.0451	\$ 0.0458	\$ 0.0458	\$ 0.0456
	\$ (24,956.95)	\$ (22,437.02)	\$ (13,402.05)	\$ (9,633.51)	\$ (3,315.72)	\$ 4,776.43	\$ 6,098.23	\$ 2,419.58	\$ (268.84)	\$ 16,947.84	\$ (5,496.42)	\$ (8,155.21)
\$\$\$ per Dth	\$ 4.3977	\$ 4.3298	\$ 4.1790	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.5571	\$ 4.5500	\$ 4.5307
Overall \$\$\$ per Mcf	\$ 4.4232	\$ 4.3549	\$ 4.2032	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.5835	\$ 4.5764	\$ 4.5569