

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

November 17, 2017

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

RECEIVED

NOV 20 2017

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	\$4.4969
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$1.0361)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3.4607

Rates to be effective for service rendered from January 1, 2018

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$136,147.41
/Sales for the 12 months ended	\$/Mcf	30,276.00
Expected Gas Cost	\$/Mcf	\$4.4969
<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	(\$0.0388)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2605)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.6588)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0780)
=Actual Adjustment (AA)	\$/Mcf	(\$1.0361)
<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 September 30, 2017

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Constellation Energy			30,210	\$4.5067	\$136,147.41
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals			30,210		\$136,147.41
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Line loss for 12 months ended	<u>9/30/2017</u>	is based on purchases of			<u>30,276.00</u>
and sales of	<u>30,276.00</u>	Mcf.	0.00%		

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$136,147.41
/ Mcf Purchases (4)		30,276
= Average Expected Cost Per Mcf Purchased		\$4.4969
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		30,276.00
= Total Expected Gas Cost (to Schedule IA)		\$136,147.41

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended September 30, 2017

Particulars	Unit	<i>Jul-17</i>	<i>Aug-17</i>	<i>Sep-17</i>
Total Supply Volumes Purchased	Mcf	4930	4930	4700
Total Cost of Volumes Purchased	\$	\$17,874.63	\$16,890.36	\$18,066.09
/ Total Sales *	Mcf	4,683.0	4,683.0	4,465.0
= Unit Cost of Gas	\$/Mcf	\$3.8169	\$3.6067	\$4.0462
- EGC in Effect for Month	\$/Mcf	\$4.5067	\$4.5067	\$4.5067
= Difference	\$/Mcf	(\$0.6898)	(\$0.9000)	(\$0.4605)
x Actual Sales during Month	Mcf	694.0	475.0	586.0
= Monthly Cost Difference	\$	(\$478.71)	(\$427.48)	(\$269.88)
Total Cost Difference		(\$1,176.07)		
/ Sales for 12 months ended		30,276.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.0388)		

* May not be less than 95% of supply volume

Rate Sheet Apr-May-Jun 2017.xlsx

Fuel 2.86%

Actual or Average 3 Yr USAGE	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
		7,175	6,282	4,807	3,275	2,605
Nomination	1,500	1,100	1,600	1,125	1,865	1,725
Volume to Purchase	-	-	-	-	-	-
Settlement/Market Price	\$ 3.2770	\$ 3.2770	\$ 3.2770	\$ 3.2770	\$ 3.2770	\$ 3.2770
TGT Transport	\$ 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
Btu - Zone 3	\$ 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
Ccf Conversion	\$ 0.0420	\$ 0.0420	\$ 0.0420	\$ 0.0420	\$ 0.0420	\$ 0.0420
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Volume Hedged	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
	1,500	1,100	1,600	1,125	1,865	1,725
WACOG for Hedges	\$ 3.4970	\$ 3.4291	\$ 3.2783	\$ 3.5800	\$ 3.5800	\$ 3.5800
TGT Transport	\$ 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
Btu - Zone 3	\$ 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
Ccf Conversion	\$ 0.0442	\$ 0.0435	\$ 0.0420	\$ 0.0451	\$ 0.0451	\$ 0.0451
	\$ 6,596.55	\$ 4,762.78	\$ 6,686.40	\$ 5,040.79	\$ 8,356.51	\$ 7,729.21
Storage (Injection)/Withdrawals	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
	(5,675)	(5,182)	(3,207)	(2,150)	(740)	1,066
WACOG for Storage	\$ 3.4970	\$ 3.4291	\$ 3.2783	\$ 3.5800	\$ 3.5800	\$ 3.5800
TGT Transport	\$ 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
Btu - Zone 3	\$ 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
Ccf Conversion	\$ 0.0442	\$ 0.0435	\$ 0.0420	\$ 0.0451	\$ 0.0451	\$ 0.0451
	\$ (24,956.95)	\$ (22,437.02)	\$ (13,402.05)	\$ (9,633.51)	\$ (3,315.72)	\$ 4,776.43
\$\$\$ per Dth	\$ 4.3977	\$ 4.3298	\$ 4.1790	\$ 4.4807	\$ 4.4807	\$ 4.4807
Overall \$\$\$ per Mcf	\$ 4.4232	\$ 4.3549	\$ 4.2032	\$ 4.5067	\$ 4.5067	\$ 4.5067