

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

March 1, 2018

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

RECEIVED

MAR 05 2018

**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.

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MAR 05 2018

PUBLIC SERVICE
COMMISSION

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u> Proposed
Expected Gas Cost (EGC)	\$/Mcf	\$4.0320
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	\$0.2690
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$4.3010

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	\$176,574.20
/Sales for the 12 months ended	\$/Mcf	43,793.20
Expected Gas Cost	\$/Mcf	\$4.0320
<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	\$1.2663
+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	\$0.2690
<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	\$0.0000
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
=Balance Adjustment (BA)	\$ Mcf	\$0.0000

SCHEDULE II
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended December 31, 2017

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Mcf Rate	(6) (4) x (5) Cost
Constellation Energy	47,189	1.03	45,814.56	\$4.0320	\$184,724.32
Mago Volumes	(844)	1.03	(819.42)	\$4.0320	(\$3,303.89)
Storage Volume	(1,238)	1.03	(1,201.94)	\$4.0320	(\$4,846.23)
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals		43,793		\$176,574.20
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Line loss for 12 months ended <u>12/31/2017</u> is based on purchases of and sales of <u>43,793.20</u> Mcf.		0.00%		<u>43,793.20</u>
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	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$176,574.20
/ Mcf Purchases (4)		43,793.20
= Average Expected Cost Per Mcf Purchased		\$4.0320
x Allowable Mcf Purchases		43,793.20
= Total Expected Gas Cost (to Schedule IA)		\$176,574.20

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

December 31, 2017

Particulars	Unit	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17		
Total Supply Volumes Purchased	DTH	4930	4800	4700	4929	4175	3350		4950
- Mago Purchases	MCF	135.7	154.2	413.2	110.8	3	0		0
Total Sales Volumes Purchased	DTH	4790	4641	4274	4815	4172	3350		4950
Total Cost of Volumes Purchased	\$	\$18,294.87	\$17,326.05	\$19,234.11	\$18,100.45	\$17,092.26	\$17,469.76		\$26,371.22
Total Cost Of Volumes (Mago excluded)	\$	\$17,776.19	\$16,752.75	\$17,492.42	\$17,681.36	\$17,079.61	\$17,469.76		\$26,371.22
Total System (flowed thru city gate)	DTH	2,190.0	2,114.0	4,698.0	2,758.0	4,032.0	7,273.0		8,728.0
- Mago Sales	MCF	135.7	154.2	413.2	110.8	3.0	-		-
Total GCA Sales	DTH	2,050.2	1,955.2	4,272.4	2,643.9	4,028.9	7,273.0		8,728.0
Total GCA Sales	MCF	1,990.5	1,898.2	4,148.0	2,566.9	3,911.6	7,061.2		8,473.8
= Unit Cost of Gas	\$/Mcf	\$31.8399	\$35.2541	\$29.7642	\$28.2766	\$4.6026	\$3.6872		\$2.8376
- EGC in Effect for Month	\$/Mcf	\$4.5067	\$4.5067	\$4.5067	\$4.5722	\$4.5722	\$4.5722		\$4.5722
= Difference	\$/Mcf	\$27.3332	\$30.7474	\$25.2575	\$23.7044	\$0.0304	(\$0.8850)		(\$1.7346)
x Actual Sales during Month	Mcf	558.3	475.2	587.7	625.3	3,710.9	4,738.0		9,293.6
= Monthly Cost Difference	\$	\$15,260.10	\$14,611.17	\$14,843.83	\$14,822.36	\$112.63	(\$4,193.32)		(\$16,120.98)
Total Cost Difference		\$55,456.77							
/ Sales for 12 months ended		43,793.20							
= Actual Adjustment for the Reporting Period (to Sch IC)		\$1.2663							

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	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
	Nomination	7,175	6,282	4,807	3,275	2,605	659	589	660	660	1,831	4,603	5,300	7,175	6,282	4,807	1,901	995
Volume to Purchase	1,500	1,100	1,600	1,125	1,865	1,725	1,950	1,200	600	5,550	3,395	3,500	3,361	2,442	1,973	3,007	4,874	4,529
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	\$ 3.2650	\$ 3.2650	\$ 3.2650	\$ 3.0580	\$ 3.0580	\$ 3.0580
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	\$ 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	\$ 4.1657	\$ 4.1657	\$ 4.1657	\$ 3.9587	\$ 3.9587	\$ 3.9587
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	\$ 1.0650	\$ 1.0650	\$ 1.0650	\$ 1.0341	\$ 1.0341	\$ 1.0341
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	\$ 4.4365	\$ 4.4365	\$ 4.4365	\$ 4.0937	\$ 4.0937	\$ 4.0937
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	\$ 0.0444	\$ 0.0444	\$ 0.0444	\$ 0.0409	\$ 0.0409	\$ 0.0409
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,346.80	\$ 10,182.47	\$ 7,568.06	\$ 6,294.37	\$ 4,340.66	\$ 1,762.09	\$ 6,460.60	\$ 12,960.78	\$ 11,694.00
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	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
	1,500	1,100	1,600	1,125	1,865	1,725	1,950	1,200	600	1,550	1,175	1,850	1,850	1,400	1,550	1,375	1,600	1,575
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	\$ 3,5800	\$ 3,5800	\$ 3,5800	\$ 2,9000	\$ 2,9000	\$ 2,9000
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	\$ 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	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 3.8007	\$ 3.8007	\$ 3.8007
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	\$ 1.0650	\$ 1.0650	\$ 1.0650	\$ 1.0341	\$ 1.0341	\$ 1.0341
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	\$ 4.7719	\$ 4.7719	\$ 4.7719	\$ 3.9303	\$ 3.9303	\$ 3.9303
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	\$ 0.0477	\$ 0.0477	\$ 0.0477	\$ 0.0393	\$ 0.0393	\$ 0.0393
	\$ 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	\$ 8,289.30	\$ 6,272.98	\$ 6,945.09	\$ 5,225.96	\$ 6,081.12	\$ 5,986.10
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	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
	(5,675)	(5,182)	(3,207)	(2,150)	(740)	1,066	1,361	540	(60)	3,719	(1,208)	(1,800)	(3,814)	(3,840)	(2,834)	1,106	3,879	3,870
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	\$ 3,4384	\$ 3,4456	\$ 3,5125	\$ 2,9858	\$ 3,0061	\$ 3,0031
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	\$ 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	\$ 4.3391	\$ 4.3463	\$ 4.4132	\$ 3.8865	\$ 3.9068	\$ 3.9038
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	\$ 1.0650	\$ 1.0650	\$ 1.0650	\$ 1.0341	\$ 1.0341	\$ 1.0341
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	\$ 4.6211	\$ 4.6288	\$ 4.7000	\$ 4.0190	\$ 4.0401	\$ 4.0369
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	\$ 0.0462	\$ 0.0463	\$ 0.0470	\$ 0.0402	\$ 0.0404	\$ 0.0404
	\$ (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)	\$ (16,549.27)	\$ (16,689.75)	\$ (12,506.91)	\$ 4,298.42	\$ 15,154.61	\$ 15,107.53
\$\$\$ 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	\$ 4.3391	\$ 4.3463	\$ 4.4132	\$ 3.8865	\$ 3.9068	\$ 3.9038
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	\$ 4.6211	\$ 4.6288	\$ 4.7000	\$ 4.0190	\$ 4.0401	\$ 4.0369