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PUBLIC SERVICE  
COMMISSION  
270-547-2455

**Valley Gas, Inc.**

401 First Street, Irvington, Kentucky 40146

June 1, 2018

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.

JUN 04 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	\$3.5927
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	\$1.3602
Balance Adjustment (BA)	\$/Mcf	\$0.0000
<u>Gas Cost Recovery Rate (GCR)</u>	<u>\$/Mcf</u>	<u>\$4.9529</u>

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

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$166,710.41
/Sales for the 12 months ended	\$/Mcf	46,402.91
<u>Expected Gas Cost</u>	<u>\$/Mcf</u>	<u>\$3.5927</u>
<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	
<u>=Refund Adjustment (RA)</u>	<u>\$ Mcf</u>	<u>\$0.0000</u>
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	\$1.0132
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$1.2663
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.2605)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.6588)
<u>=Actual Adjustment (AA)</u>	<u>\$ Mcf</u>	<u>\$1.3602</u>
<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
<u>=Balance Adjustment (BA)</u>	<u>\$ Mcf</u>	<u>\$0.0000</u>

SCHEDULE II  
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended March 31, 2018

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Mcf Rate	(6) (4) x (5) Cost
Constellation Energy	49,770	1.03	48,320.39	\$4.2399	\$204,873.61
Mago Volumes	-	1.03	-	\$4.2399	\$0.00
Storage Volume	(1,975)	1.03	(1,917.48)	\$4.2399	(\$8,129.91)
					\$0.00
					\$0.00
					\$0.00
					\$0.00

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Totals	46,403	\$196,743.71
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Line loss for 12 months ended	<u>3/31/2018</u>	is based on purchases of	
and sales of	<u>39,319.42</u>	Mcf.	<u>46,402.91</u>
			15.27%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$196,743.71
/ Mcf Purchases (4)		46,402.91
= Average Expected Cost Per Mcf Purchased		\$4.2399
x Allowable Mcf Purchases		39,319.42
= Total Expected Gas Cost (to Schedule IA)		\$166,710.41

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	30,276.00
<u>Current Supplier Refund Adjustment</u>		<u>0</u>

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

March 31, 2018

Particulars	Unit	Jan-18	Feb-18	Mar-18
Total Supply Volumes Purchased	DTH	4950	4550	3050
- Mago Purchases	MCF	0	0	0
Total Sales Volumes Purchased	DTH	4950	4550	3050
Total Cost of Volumes Purchased	\$	\$18,509.91	\$13,855.31	\$9,506.00
Total Cost Of Volumes (Mago excluded)	\$	\$18,509.91	\$13,855.31	\$9,506.00
Total System (flowed thru city gate)	DTH	8,728.0	5,048.0	5,306.0
- Mago Sales	MCF	-	-	-
Total GCA Sales	DTH	8,728.0	5,048.0	5,306.0
Total GCA Sales	MCF	8,473.8	4,901.0	5,151.5
= Unit Cost of Gas	\$/Mcf	\$33.1541	\$29.1568	\$16.1749
- EGC in Effect for Month	\$/Mcf	\$4.2399	\$4.2399	\$4.2399
= Difference	\$/Mcf	\$28.9142	\$24.9169	\$11.9350
x Actual Sales during Month	Mcf	558.3	475.2	587.7
= Monthly Cost Difference	\$	\$16,142.77	\$11,840.51	\$7,014.21
Total Cost Difference		\$34,997.49		
/ Sales for 12 months ended		34,540.00		
= Actual Adjustment for the Reporting Period (to Sch IC)		\$1.0132		

Texas Gas Transmission, LLC 115972101

Storage Summary

Accounting Period: 03/2018

Svc Req: Valley Gas, Inc. 009856642

Statement Date/Time: 04/10/2018 9:00:00AM

Contact Name/Phone:  
David Tipmore (270) 688-6750

Svc Req K	Activity	Beg Bal	Bal Adj	PPA	Injection	Withdrawal	Net	End Bal	Transfer Svc Req K
940 SGT	Current Month	4,262			51	2,338	(2,287)	1,975	
		4,262			51	2,338	(2,287)	1,975	

Fuel  
2.86%

Actual or Average 3 Yr USAGE	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
	1,831	4,603	5,300	7,175	6,282	4,807	1,901	995	659	589	660	660
Nomination	5,550	3,395	3,500	3,361	2,442	1,973	3,007	4,874	4,529	5,156	3,130	1,729
Volume to Purchase	4,000	2,220	1,650	1,511	1,042	423	1,632	3,274	2,954	3,506	1,730	529
Settlement/Market Price	\$ 3.6860	\$ 3.6860	\$ 3.6860	\$ 3.2650	\$ 3.2650	\$ 3.2650	\$ 3.0580	\$ 3.0580	\$ 3.0580	\$ 3.2240	\$ 3.2240	\$ 3.2240
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	\$ 4.5867	\$ 4.5867	\$ 4.5867	\$ 4.1657	\$ 4.1657	\$ 4.1657	\$ 3.9587	\$ 3.9587	\$ 3.9587	\$ 4.1247	\$ 4.1247	\$ 4.1247
Btu - Zone 3	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0650	\$ 1.0650	\$ 1.0650	\$ 1.0341	\$ 1.0341	\$ 1.0341	\$ 1.0688	\$ 1.0688	\$ 1.0688
Mcf Conversion	\$ 4.6133	\$ 4.6133	\$ 4.6133	\$ 4.4365	\$ 4.4365	\$ 4.4365	\$ 4.0937	\$ 4.0937	\$ 4.0937	\$ 4.4086	\$ 4.4086	\$ 4.4086
Ccf Conversion	\$ 0.0461	\$ 0.0461	\$ 0.0461	\$ 0.0444	\$ 0.0444	\$ 0.0444	\$ 0.0409	\$ 0.0409	\$ 0.0409	\$ 0.0441	\$ 0.0441	\$ 0.0441
	\$ 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	\$ 14,461.20	\$ 7,135.73	\$ 2,181.97
Volume Hedged	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
	1,550	1,175	1,850	1,850	1,400	1,550	1,375	1,600	1,575	1,650	1,400	1,200
WACOG for Hedges	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 3.5800	\$ 2.9000	\$ 2.9000	\$ 2.9000	\$ 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
Fuel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CNEG-Invoice/Dth	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 4.4807	\$ 3.8007	\$ 3.8007	\$ 3.8007	\$ 3.8007	\$ 3.8007	\$ 3.8007
Btu - Zone 3	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0650	\$ 1.0650	\$ 1.0650	\$ 1.0341	\$ 1.0341	\$ 1.0341	\$ 1.0688	\$ 1.0688	\$ 1.0688
Mcf Conversion	\$ 4.5067	\$ 4.5067	\$ 4.5067	\$ 4.7719	\$ 4.7719	\$ 4.7719	\$ 3.9303	\$ 3.9303	\$ 3.9303	\$ 4.0623	\$ 4.0623	\$ 4.0623
Ccf Conversion	\$ 0.0451	\$ 0.0451	\$ 0.0451	\$ 0.0477	\$ 0.0477	\$ 0.0477	\$ 0.0393	\$ 0.0393	\$ 0.0393	\$ 0.0406	\$ 0.0406	\$ 0.0406
	\$ 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	\$ 6,271.16	\$ 5,320.98	\$ 4,560.84
Storage (Injection)/Withdrawals	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
	3,719	(1,208)	(1,800)	(3,814)	(3,840)	(2,834)	1,106	3,879	3,870	4,567	2,470	1,069
WACOG for Storage	\$ 3.6564	\$ 3.6493	\$ 3.6300	\$ 3.4384	\$ 3.4456	\$ 3.5125	\$ 2.9858	\$ 3.0061	\$ 3.0031	\$ 3.1203	\$ 3.0791	\$ 2.9991
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	\$ 4.5571	\$ 4.5500	\$ 4.5307	\$ 4.3391	\$ 4.3463	\$ 4.4132	\$ 3.8865	\$ 3.9068	\$ 3.9038	\$ 4.0210	\$ 3.9798	\$ 3.8998
Btu - Zone 3	\$ 1.0058	\$ 1.0058	\$ 1.0058	\$ 1.0650	\$ 1.0650	\$ 1.0650	\$ 1.0341	\$ 1.0341	\$ 1.0341	\$ 1.0688	\$ 1.0688	\$ 1.0688
Mcf Conversion	\$ 4.5835	\$ 4.5764	\$ 4.5569	\$ 4.6211	\$ 4.6288	\$ 4.7000	\$ 4.0190	\$ 4.0401	\$ 4.0369	\$ 4.2978	\$ 4.2537	\$ 4.1683
Ccf Conversion	\$ 0.0458	\$ 0.0458	\$ 0.0456	\$ 0.0462	\$ 0.0463	\$ 0.0470	\$ 0.0402	\$ 0.0404	\$ 0.0404	\$ 0.0430	\$ 0.0425	\$ 0.0417
	\$ 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	\$ 18,363.98	\$ 9,830.06	\$ 4,168.92
\$\$\$ per Dth	\$ 4.5571	\$ 4.5500	\$ 4.5307	\$ 4.3391	\$ 4.3463	\$ 4.4132	\$ 3.8865	\$ 3.9068	\$ 3.9038	\$ 4.0210	\$ 3.9798	\$ 3.8998
Overall \$\$\$ per Mcf	\$ 4.5835	\$ 4.5764	\$ 4.5569	\$ 4.6211	\$ 4.6288	\$ 4.7000	\$ 4.0190	\$ 4.0401	\$ 4.0369	\$ 4.2978	\$ 4.2537	\$ 4.1683