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AUG 29 2018

PUBLIC SERVICE
COMMISSION
278-547-2455

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

August 24, 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.

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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	\$4.2094
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$0.1427)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$4.0667

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	\$170,257.42
/Sales for the 12 months ended	\$/Mcf	40,446.60
Expected Gas Cost	\$/Mcf	\$4.2094
 <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	(\$0.0032)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$1.4058)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$1.2663
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0000
=Actual Adjustment (AA)	\$ Mcf	(\$0.1427)
 <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 March 31, 2018

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Mcf Rate	(6) (4) x (5) Cost
Constellation Energy	49,135	1.03	47,703.88	\$4.2399	\$202,259.70
Mago Volumes	(5,431)	1.03	(5,272.82)	\$4.2399	(\$22,356.21)
Storage Volume	(2,044)	1.03	(1,984.47)	\$4.2399	(\$8,413.94)
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals		40,447		\$171,489.55
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Line loss for 12 months ended	<u>6/30/2018</u>	is based on purchases of		<u>40,446.60</u>
and sales of	<u>40,156.00</u>	Mcf.	0.72%	

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$171,489.55
/ Mcf Purchases (4)		40,446.60
= Average Expected Cost Per Mcf Purchased		\$4.2399
x Allowable Mcf Purchases		40,156.00
= Total Expected Gas Cost (to Schedule IA)		\$170,257.42

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

June 30, 2018

Particulars	Unit	Apr-18	May-18	Jun-18
Total Supply Volumes Purchased	DTH	4375	3336	1990
- Mago Purchases	MCF	0	2531	2083
*Total Sales Volumes Purchased	DTH	4156	3373	2651
Total Cost of Volumes Purchased	\$	\$15,879.83	\$12,825.50	\$8,207.25
Total Cost Of Volumes (Mago excluded)	\$	\$15,084.93	\$12,967.75	\$10,933.38
Total System (flowed thru city gate)	DTH	3,478.0	3,427.0	2,585.0
- Mago Sales	MCF	-	2,531.0	2,083.0
Total GCA Sales	DTH	3,259.0	3,464.0	3,246.0
Total GCA Sales	MCF	3,164.1	3,363.1	3,151.5
= Unit Cost of Gas	\$/Mcf	\$5.5054	\$3.8446	\$4.1242
- EGC in Effect for Month	\$/Mcf	\$4.4631	\$4.4631	\$4.4631
= Difference	\$/Mcf	\$1.0423	(\$0.6185)	(\$0.3389)
x Actual Sales during Month	Mcf	2,740.0	3,373.0	2,651.0
= Monthly Cost Difference	\$	\$2,856.04	(\$2,086.29)	(\$898.30)
Total Cost Difference		(\$128.55)		
/ Sales for 12 months ended		40,156.00		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.0032)		
*may not be more than .95% of supply volumes purchased				

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	4,803	5,300	7,175	6,282	4,807	1,901	995	659	689	680
Nomination	5,550	3,395	3,500	3,361	2,442	1,973	3,007	4,874	4,520	5,156	3,130	1,720
Volume to Purchase	4,000	2,220	1,880	1,511	1,042	423	1,832	3,274	2,954	3,806	1,730	520
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 Hedged	\$ 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

Texas Gas Transmission, LLC 115972101

Storage Summary

Accounting Period: 08/2018

Svc Req: Valley Gas, Inc. 009856642

Statement Date/Time: 07/11/2018 9:00:00AM

Contact Name/Phone:
Angela Mason (270) 688-6847

Svc Req K	Activity	Beq Bal	Bal Adj	PPA	Injection	Withdrawal	Net	End Bal	Transfer Svc Req K
940 SGT	Current Month	2,673			603	1,232	(629)	2,044	
		2,673			603	1,232	(629)	2,044	