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DEC 10 2018

**Valley Gas, Inc.**

401 First Street, Irvington, Kentucky 40146

PUBLIC SERVICE  
COMMISSION 270-547-2455

December 5, 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	\$3.4403
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$0.7619)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$2.6784

Rates to be effective for service rendered from  
Reporting Period used in the calculations

January 1, 2019  
September 30, 2018

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$118,868.65
/Sales for the 12 months ended	\$/Mcf	34,551.46
Expected Gas Cost	\$/Mcf	\$3.4403
 <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	(\$0.1788)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.4436)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$1.4058)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$1.2663
=Actual Adjustment (AA)	\$ Mcf	(\$0.7619)
 <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 September 30, 2018

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Mcf Rate	(6) (4) x (5) Cost
Constellation Energy	48,874	1.03	47,450.49	\$4.1203	\$195,510.24
Mago Volumes	(10,316)	1.03	(10,015.53)	\$4.1203	(\$41,267.00)
Storage Volume	(8,843)	1.03	(8,585.44)	\$4.1203	(\$35,374.58)
					\$0.00
					\$0.00
					\$0.00
					\$0.00

<b>Totals</b>		<b>28,849.51</b>	<b>\$118,868.65</b>
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Line loss for 12 months ended 9/30/2018 is based on purchases of 28,849.51  
and sales of 35,588 Dth.  
or 34,551.46 Mcf. -19.76%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$118,868.65
/ Mcf Purchases (4)		28,849.51
= Average Expected Cost Per Mcf Purchased		\$4.1203
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		28,849.51
= Total Expected Gas Cost (to Schedule IA)		<b>\$118,868.65</b>

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	34,552.00
<u>Current Supplier Refund Adjustment</u>		<u>0</u>



MCF x CF = DTH

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

September 30, 2018

Particulars	Unit	Jul-18	Aug-18	Sep-18
Total Supply Volumes Purchased	DTH	4750	4750	4800
- Mago Purchases	MCF	2657	2455	399
*Total Sales Volumes Purchased	DTH	2013	2221	4389
Total Cost of Volumes Purchased	\$	\$16,822.46	\$17,298.61	\$15,243.76
Total Cost Of Volumes (Mago excluded)	\$	\$7,130.21	\$8,089.74	\$13,938.61
Total System (flowed thru city gate)	DTH	3,457.0	3,204.0	996.0
- Mago Sales	MCF	2,657	2,455	399
Total GCA Sales	DTH	720.3	675.4	585.0
Total GCA Sales	MCF	699.3	655.7	568.0
= Unit Cost of Gas	\$/Mcf	\$2.6023	\$2.3984	\$5.2579
- EGC in Effect for Month	\$/Mcf	\$4.0320	\$4.0320	\$4.0320
= Difference	\$/Mcf	(\$1.4297)	(\$1.6336)	\$1.2259
x Actual Sales during Month	Mcf	2,740.0	3,373.0	2,651.0
= Monthly Cost Difference	\$	(\$3,917.47)	(\$5,510.20)	\$3,249.78
Total Cost Difference		(\$6,177.89)		
/ Sales for 12 months ended		34,551.46		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.1788)		

\*may not be more than .95% of supply volumes purchased

Fuel 2.86%
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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	Oct-18	Nov-18	Dec-18
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	2,585	1,554	1,956
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	1,235	(295)	81
Settlemnt/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	\$ 3.2540	\$ 3.2540	\$ 3.2540
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
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	\$ 4.1547	\$ 4.1547	\$ 4.1547
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	\$ 1.0671	\$ 1.0671	\$ 1.0671
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	\$ 4.4337	\$ 4.4337	\$ 4.4337
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	\$ 0.0443	\$ 0.0443	\$ 0.0443
	\$ 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	\$ 5,131.05	\$ (1,225.64)	\$ 336.53
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	Oct-18	Nov-18	Dec-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	1,350	1,849	1,875
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	\$ 2.9000	\$ 2.9300	\$ 2.9300
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
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	\$ 3.8007	\$ 3.8307	\$ 3.8307
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	\$ 1.0671	\$ 1.0671	\$ 1.0671
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	\$ 4.0559	\$ 4.0879	\$ 4.0879
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	\$ 0.0406	\$ 0.0409	\$ 0.0409
	\$ 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	\$ 5,130.95	\$ 7,082.96	\$ 7,182.56
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	Oct-18	Nov-18	Dec-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	754	(2,848)	(3,344)
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	\$ 3.0691	\$ 2.8685	\$ 2.9434
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
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	\$ 3.9698	\$ 3.7692	\$ 3.8441
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	\$ 1.0671	\$ 1.0671	\$ 1.0671
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	\$ 4.2364	\$ 4.0223	\$ 4.1022
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	\$ 0.0424	\$ 0.0402	\$ 0.0410
	\$ 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	\$ 2,993.25	\$ (10,727.13)	\$ (12,854.73)
\$\$\$ 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	\$ 3.9698	\$ 3.7692	\$ 3.8441
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	\$ 4.2364	\$ 4.0223	\$ 4.1022

Texas Gas Transmission, LLC 115972101

Storage Summary

Accounting Period: 10/2018

Svc Req: Valley Gas, Inc. 009856642

Statement Date/Time: 11/09/2018 9:00:00AM

Contact Name/Phone:  
Derrick Thompson (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	8,843			2,421	18	2,403	11,246	
		8,843			2,421	18	2,403	11,246	

Date	Residential Usage	Residential Revenue	Commerical Usage	Commerical Revenue	Total Resid & Comm Usage	Total Resid & Comm Revenue	Industrial Usage	Industrial Revenue	Total Usage
17-Jan	4610.5	28640.09	960.8	5863.83	5571.3	34503.92	0	0	5571
17-Feb	4334.5	26798.36	818.7	5010.1	5153.2	31808.46	0	0	5153
17-Mar	3543.4	21908.71	702.9	4308.72	4246.3	26217.43	0	0	4246
17-Apr	2124.7	7368.24	226.6	1477.72	2351.3	8845.96	2	12.07	2353
17-May	852.4	5622.24	191	1244.61	1043.4	6866.85	4.3	25.72	1048
17-Jun	439.7	3156.59	129.6	889.47	569.3	4046.06	2.1	13.41	571
17-Jul	452.4	3113.85	105.9	726.23	558.3	3840.08	135.7	831.14	694
17-Aug	382.8	2634.96	92.4	633.53	475.2	3268.49	154.2	944.53	629
17-Sep	473.1	3102.86	114.6	5812.83	587.7	8915.69	413.2	2709.97	1001
17-Oct	493.9	3399.68	131.4	4126.34	625.3	7526.02	110.8	726.66	736
17-Nov	3129.8	21339.13	581.1	3990.24	3710.9	25329.37	3	20	3714
17-Dec	3944.1	27145.79	794.1	5420.76	4738.2	32566.55	0	0	4738
18-Jan	7685.8	52898.61	1607.8	10994.73	9293.6	63893.34	0	0	9294
18-Feb	4396.6	30260.14	843.6	5771.25	5240.2	36031.39	0	0	5240
18-Mar	4552.2	31356.47	793.9	5442.32	5346.1	36798.79	0	0	5346
18-Apr	2286	16933.44	454	3349.76	2740	20283.2	0	0	2740
18-May	677	5001.97	165	1212.94	842	6214.91	2531	16598.65	3373
18-Jun	448	3305.03	120	878.38	568	4183.41	2083	13660.67	2651
18-Jul	360	2660.75	92	676.07	452	3336.82	2904	19044.22	3356
18-Aug	339	2519.91	89	657.08	428	3176.99	2683.8	17599.95	3111.8
18-Sep	447	3162.38	121	853.8	568	4016.18	399	3350.52	967
total	28759.4	199983.3	5792.9	43373.67	34552.3	243357	10714.6	71000.67	45266.9

PURCHASES	USAGE PUR	MONTHLY GAS COST	TRANSPORTATION COST	USAGE THRU CITY GAGE	INVENTORY VOLUME	TOTAL GAS COST
17-Jan	1500	5245.5	\$ 577.16	6303.0	2941	\$ 5,822.66
17-Feb	3807	11865.93	\$ 3,936.05	4370.0	2378	\$ 15,801.98
17-Mar	4662	14692.45	\$ 3,997.36	4438.0	2602	\$ 18,689.81
17-Apr	1125	3990.38	\$ 2,949.79	3275.0	452	\$ 6,940.17
17-May	4498	15422.13	\$ 2,936.24	3260.0	1690	\$ 18,358.37
17-Jun	4713	15547.36	\$ 1,116.04	1239.0	5164	\$ 16,663.40
17-Jul	4930	16322.31	\$ 1,972.56	2190.0	7904	\$ 18,294.87
17-Aug	4800	15421.92	\$ 1,904.13	2114.0	10590	\$ 17,326.05
17-Sep	4700	15002.6	\$ 4,231.51	4698.0	10592	\$ 19,234.11
17-Oct	4929	15616.32	\$ 2,484.13	2758.0	12763	\$ 18,100.45
17-Nov	4175	13460.6	\$ 3,631.66	4032.0	12906	\$ 17,092.26
17-Dec	3350	10919	\$ 6,550.76	7273.0	6868	\$ 17,469.76
18-Jan	4950	18509.91	\$ 7,861.31	8728.0	3090	\$ 26,371.22
18-Feb	4550	13855.31	\$ 4,546.74	5048.0	2592	\$ 18,402.05
18-Mar	3050	9506	\$ 4,779.12	5306.0	336	\$ 14,285.12
18-Apr	4375	12747.2	\$ 3,132.63	3478.0	0	\$ 15,879.83
18-May	3336	9738.81	\$ 3,086.69	3427.0		\$ 12,825.50
18-Jun	1990	5878.9	\$ 2,328.35	2585.0	2044	\$ 8,207.25
18-Jul	4750	14033.85	\$ 2,788.61	3096.0		\$ 16,822.46
18-Aug	4619	14235.26	\$ 3,063.35	3401.1		\$ 17,298.61
18-Sep	4800	14621.28	\$ 622.48	691.1	8843	\$ 15,243.76
total	48874	153122.44	44875.83	49823.2678	49442 <del>48599</del>	197998.27