

**Valley Gas, Inc.**

401 First Street, Irvington, Kentucky 40146

270-547-2455

February 28, 2020

RECEIVED

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

MAR 02 2020

PUBLIC SERVICE  
COMMISSION

Dear Mr. Greenwell:

Enclosed please find documents for 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.

RECEIVED

MAR 02 2020

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	\$4.2080
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	\$0.0717
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$4.2797

Rates to be effective for service rendered from March 1, 2020  
Reporting Period used in the calculations December 31, 2019

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$139,666.42
/Sales for the 12 months ended	\$/Mcf	33,191.00
Expected Gas Cost	\$/Mcf	\$4.2080
<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	\$0.0000
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
=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	(\$0.2386)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.3475
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0539
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0911)
=Actual Adjustment (AA)	\$/Mcf	\$0.0717
<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, 2019

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Mcf Rate	(6) (4) x (5) Cost
Constellation Energy	48,439	1.03	47,028.16	\$4.8185	\$226,605.17
Mago Volumes	(8,766)	1.03	(8,766.00)	\$4.8185	(\$42,238.97)
Storage Volume	(9,555)	1.03	(9,276.70)	\$4.8185	(\$44,699.77)
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals	28,985.46	\$139,666.42
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Line loss for 12 months ended 12/31/2019 is based on purchases of 28,985.46  
and sales of 33,191.00 Mcf

-14.51%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$139,666.42
/ Mcf Purchases (4)		28,985.46
= Average Expected Cost Per Mcf Purchased		\$4.8185
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		28,985.46
= Total Expected Gas Cost (to Schedule IA)		<b>\$139,666.42</b>

## MCF x CF = DTH

## SCHEDULE IV

## ACTUAL ADJUSTMENT

For the 12 month period ended

December 31, 2019

Particulars	Unit	Oct-19	Nov-19	Dec-19	
Total Supply Volumes Purchased	DTH	4125	4175	5614	USAGE PUR
- Mago Purchases	MCF	963	0	0	Industrial Usage
*Total Sales Volumes Purchased	DTH	3133	4175	5614	[Calculation]
Total Cost of Volumes Purchased	\$	\$12,260.44	\$15,543.48	\$19,452.71	TOTAL GAS COST
Total Cost Of Volumes (Mago excluded)	\$	\$9,312.32	\$15,543.48	\$19,452.71	[Calculation]
Total System (flowed thru city gate)	DTH	2,366.0	4,772.0	5,224.0	USAGE THRU CITY GAGE
- Mago Sales	MCF	963	-	-	Industrial Usage
Total GCA Sales	DTH	1,374.1	4,772.0	5,224.0	[Calculation]
Total GCA Sales	MCF	1,334.1	4,633.0	5,071.8	[Calculation]
= Unit Cost of Gas	\$/Mcf	\$4.9402	\$4.2249	\$4.1762	
- EGC in Effect for Month	\$/Mcf	\$5.0945	\$5.0945	\$5.0945	THE EXPECTED GAS COST
= Difference	\$/Mcf	(\$0.1543)	(\$0.8696)	(\$0.9183)	[Calculation]
x Actual Sales during Month	Mcf	1,885.0	3,679.0	4,658.0	Total Usage
= Monthly Cost Difference	\$	(\$290.82)	(\$3,199.19)	(\$4,277.47)	[Calculation]
Total Cost Difference		(\$7,767.47)			
/ Sales for 12 months ended		32,548.00			
= Actual Adjustment for the Reporting Period (to Sch IC)		<b>(\$0.2386)</b>			

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

Date	Residential Usage	Residential Revenue	Commerical Usage	Commerical Revenue	Total Resid & Comm Usage	Total Resid & Comm Revenue	Industrial Usage	Industrial Revenue	Total Usage
Jan-19	5,534.0	\$ 30,722.62	1,091.0	\$ 5,989.42	6,625.0	\$ 36,712.04	-	\$ -	6,625.0
Feb-19	4,788.0	\$ 26,525.91	1,012.0	\$ 5,529.75	5,800.0	\$ 32,055.66	-	\$ -	5,800.0
Mar-19	4,927.0	\$ 27,298.15	884.0	\$ 4,842.62	5,811.0	\$ 32,140.77	-	\$ -	5,811.0
Apr-19	1,878.0	\$ 10,405.71	377.0	\$ 2,075.48	2,255.0	\$ 12,481.19	-	\$ -	2,255.0
May-19	583.0	\$ 3,232.95	155.0	\$ 846.28	738.0	\$ 4,079.23	-	\$ -	738.0
Jun-19	560.0	\$ 2,969.90	131.0	\$ 721.99	691.0	\$ 3,691.89	1,853.0	\$12,643.34	2,544.0
Jul-19	367.0	\$ 2,545.09	99.0	\$ 684.26	466.0	\$ 3,229.35	4,263.0	\$29,571.61	4,729.0
Aug-19	356.0	\$ 2,472.86	108.0	\$ 750.15	464.0	\$ 3,223.01	1,651.0	\$11,749.99	2,115.0
Sep-19	333.0	\$ 2,312.33	106.0	\$ 732.35	439.0	\$ 3,044.68	36.0	\$ 235.62	475.0
Oct-19	726.0	\$ 6,097.25	196.0	\$ 1,640.92	922.0	\$ 7,738.17	963.0	\$ 7,317.95	1,885.0
Nov-19	3,020.0	\$ 25,346.72	659.0	\$ 5,477.16	3,679.0	\$ 30,823.88	-	\$ -	3,679.0
Dec-19	3,828.0	\$ 32,092.58	830.0	\$ 6,923.93	4,658.0	\$ 39,016.51	-	\$ -	4,658.0
<b>total</b>	<b>26,900.0</b>	<b>172,022.1</b>	<b>5,648.0</b>	<b>36,214.3</b>	<b>32,548.0</b>	<b>208,236.4</b>	<b>8,766.0</b>	<b>61,518.5</b>	<b>41,314.0</b>

Purchases	Usage Pur	Monthly Gas Cost	Transportation Cost	Usage Thru City Gate	Inventory Volume	Total Gas Cost
Jan-19	4,960	\$ 15,100.88	\$ 6,878.66	7,636.2	(2,676.2)	\$ 21,979.54
Feb-19	3,950	\$ 11,551.06	\$ 4,784.52	5,311.4	(1,361.4)	\$ 16,335.58
Mar-19	4,198	\$ 12,410.22	\$ 4,726.88	5,247.4	(1,049.4)	\$ 17,137.10
Apr-19	2,714	\$ 7,535.57	\$ 1,531.17	1,699.8		\$ 9,066.74
May-19	3,881	\$ 10,788.83	\$ 1,094.29	1,214.8		\$ 11,883.12
Jun-19	3,563	\$ 9,461.37	\$ 2,399.40	2,663.6		\$ 11,860.77
Jul-19	3,949	\$ 10,432.37	\$ 4,050.50	4,496.6		\$ 14,482.87
Aug-19	4,810	\$ 11,898.08	\$ 1,736.67	1,927.9		\$ 13,634.75
Sep-19	2,500	\$ 7,147.50	\$ 1,174.58	1,303.9		\$ 8,322.08
Oct-19	4,125	\$ 10,128.55	\$ 2,131.89	2,366.7		\$ 12,260.44
Nov-19	4,175	\$ 11,245.33	\$ 4,298.15	4,771.5	(4,468.0)	\$ 15,543.48
Dec-19	5,614	\$ 14,746.58	\$ 4,706.13	5,224.4		\$ 19,452.71
<b>total</b>	<b>48,439</b>	<b>132,446</b>	<b>39,513</b>	<b>43,864</b>	<b>(9,555)</b>	<b>171,959</b>

Fuel 2.86%
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Actual or Average 3 Yr USAGE	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
		1,901	995	659	589	660	660	1,831	4,400	5,300	7,175	6,282
Nomination	3,007	4,874	4,529	5,156	3,130	1,729	2,585	1,554	1,956	3,361	2,442	1,973
Volume to Purchase	1,619	3,274	2,966	3,506	1,730	529	1,260	129	531	486	(333)	(927)
Settlement/Market Price	\$ 3.2820	\$ 3.2820	\$ 3.2820	\$ 2.6580	\$ 2.6580	\$ 2.6580	\$ 3.1230	\$ 3.1230	\$ 3.1230	\$ 2.7630	\$ 2.7630	\$ 2.7630
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	\$ 4.1827	\$ 4.1827	\$ 4.1827	\$ 3.5587	\$ 3.5587	\$ 3.5587	\$ 4.0237	\$ 4.0237	\$ 4.0237	\$ 3.6637	\$ 3.6637	\$ 3.6637
Btu - Zone 3	\$ 1.0450	\$ 1.0450	\$ 1.0450	\$ 1.0639	\$ 1.0639	\$ 1.0639	\$ 1.0747	\$ 1.0747	\$ 1.0747	\$ 1.0520	\$ 1.0520	\$ 1.0520
Mcf Conversion	\$ 4.3707	\$ 4.3707	\$ 4.3707	\$ 3.7862	\$ 3.7862	\$ 3.7862	\$ 4.3242	\$ 4.3242	\$ 4.3242	\$ 3.8542	\$ 3.8542	\$ 3.8542
Ccf Conversion	\$ 0.0437	\$ 0.0437	\$ 0.0437	\$ 0.0379	\$ 0.0379	\$ 0.0379	\$ 0.0432	\$ 0.0432	\$ 0.0432	\$ 0.0385	\$ 0.0385	\$ 0.0385
	\$ 6,771.79	\$ 13,694.16	\$ 12,405.89	\$ 12,476.80	\$ 6,156.55	\$ 1,882.55	\$ 5,069.86	\$ 519.06	\$ 2,136.58	\$ 1,780.56	\$ (1,220.01)	\$ (3,396.25)
Volume Hedged	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
	1,388	1,600	1,563	1,650	1,400	1,200	1,325	1,425	1,425	2,875	2,775	2,900
WACOG for Hedges	\$ 2.9252	\$ 2.9338	\$ 2.9324	\$ 2.9355	\$ 2.9257	\$ 2.9150	\$ 2.9300	\$ 2.8297	\$ 2.8297	\$ 2.6638	\$ 2.6629	\$ 2.6640
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.0000	\$ 2.0000	\$ 3.0000	\$ 1.0000	\$ 2.0000	\$ 3.0000
CNEG-Invoice/Dth	\$ 3.8259	\$ 3.8345	\$ 3.8331	\$ 3.8362	\$ 3.8264	\$ 3.8157	\$ 4.8307	\$ 5.7304	\$ 6.7304	\$ 4.5645	\$ 5.5636	\$ 6.5647
Btu - Zone 3	\$ 1.0450	\$ 1.0450	\$ 1.0450	\$ 1.0639	\$ 1.0639	\$ 1.0639	\$ 1.0747	\$ 1.0747	\$ 1.0747	\$ 1.0520	\$ 1.0520	\$ 1.0520
Mcf Conversion	\$ 3.9979	\$ 4.0069	\$ 4.0054	\$ 4.0814	\$ 4.0710	\$ 4.0596	\$ 5.1915	\$ 6.1584	\$ 7.2331	\$ 4.8019	\$ 5.8529	\$ 6.9061
Ccf Conversion	\$ 0.0400	\$ 0.0401	\$ 0.0401	\$ 0.0408	\$ 0.0407	\$ 0.0406	\$ 0.0519	\$ 0.0616	\$ 0.0723	\$ 0.0480	\$ 0.0585	\$ 0.0691
	\$ 5,310.35	\$ 6,135.20	\$ 5,991.14	\$ 6,329.73	\$ 5,356.96	\$ 4,578.84	\$ 6,400.68	\$ 8,165.82	\$ 9,590.82	\$ 13,122.94	\$ 15,438.99	\$ 19,037.63
Storage (Injection)/Withdrawals	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
	1,106	3,879	3,870	4,567	2,470	1,069	754	(2,846)	(3,344)	(3,814)	(3,840)	(2,834)
WACOG for Storage	\$ 3.1173	\$ 3.1677	\$ 3.1613	\$ 2.7468	\$ 2.7777	\$ 2.8364	\$ 3.0241	\$ 2.8540	\$ 2.9093	\$ 2.6781	\$ 2.6493	\$ 2.6175
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	\$ 4.0180	\$ 4.0684	\$ 4.0620	\$ 3.6475	\$ 3.6784	\$ 3.7371	\$ 3.9248	\$ 3.7547	\$ 3.8100	\$ 3.5788	\$ 3.5500	\$ 3.5182
Btu - Zone 3	\$ 1.0450	\$ 1.0450	\$ 1.0450	\$ 1.0639	\$ 1.0639	\$ 1.0639	\$ 1.0747	\$ 1.0747	\$ 1.0747	\$ 1.0520	\$ 1.0520	\$ 1.0520
Mcf Conversion	\$ 4.1986	\$ 4.2513	\$ 4.2446	\$ 3.8807	\$ 3.9136	\$ 3.9760	\$ 4.2179	\$ 4.0352	\$ 4.0946	\$ 3.7649	\$ 3.7345	\$ 3.7011
Ccf Conversion	\$ 0.0420	\$ 0.0425	\$ 0.0424	\$ 0.0388	\$ 0.0391	\$ 0.0398	\$ 0.0422	\$ 0.0404	\$ 0.0409	\$ 0.0376	\$ 0.0373	\$ 0.0370
	\$ 4,443.91	\$ 15,781.31	\$ 15,720.13	\$ 16,658.15	\$ 9,085.74	\$ 3,994.93	\$ 2,959.28	\$ (10,686.01)	\$ (12,740.72)	\$ (13,649.71)	\$ (13,631.81)	\$ (9,970.54)
\$\$\$ per Dth	\$ 4.0180	\$ 4.0684	\$ 4.0620	\$ 3.6475	\$ 3.6784	\$ 3.7371	\$ 4.6484	\$ 4.4025	\$ 4.6166	\$ 3.9795	\$ 4.4334	\$ 5.3280
Overall \$\$\$ per Mcf	\$ 4.1986	\$ 4.2513	\$ 4.2446	\$ 3.8807	\$ 3.9136	\$ 3.9760	\$ 4.9956	\$ 4.7313	\$ 4.9615	\$ 4.1865	\$ 4.6640	\$ 5.6051

Texas Gas Transmission, LLC 115972101

Storage Summary

Accounting Period: 01/2020

Svc Req: Valley Gas, Inc. 009856642

Statement Date/Time: 02/11/2020 9:00:00AM

Contact Name/Phone:  
Justin Board (270) 688-6847

Svc Req K	Activity	Beg Bal	Bal Adj	PPA	Injection	Withdrawal	Net	End Bal	Transfer Svc Req K
940 SGT	Current Month	12,533			21	2,999	(2,978)	9,555	
		<u>12,533</u>			<u>21</u>	<u>2,999</u>	<u>(2,978)</u>	<u>9,555</u>	