November 26, 2014

Jeff Derouen Executive Director Public Service Commission PO Box 615 Frankfort, Kentucky 40602-0615 DEC 1 2014

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

Enclosed please find our application for revised rates in accordance with purchased gas cost adjustment requirements report.

We would like for the adjustment to become effective on Jan 1, 2015. If additional information is needed, please advice.

Your assistance is appreciated.

Sincerely

Kerry Kasey

Kerry Kasey Valley Gas, Inc.

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

Refund Adjustment (RA) \$/Mcf \$0.0906 Actual Adjustment (AA) \$/Mcf \$0.0906 Salance Adjustment (BA) \$/Mcf \$0.0000 Gas Cost Recovery Rate (GCR) \$/Mcf \$5.285. Rates to be effective for service rendered from January 1, 2015 A. EXPECTED GAS COST CALCULATION Unit Amount Total Expected Gas Cost (Sch III) \$/Mcf \$5.3812 Sales for the 12 months ended \$/Mcf \$5.3812 Sales for the 12 months ended \$/Mcf \$5.3812 Sales Fund Adjustment for Reporting Period (Sch III) \$/Mcf \$0.0000 Sales Fund Adjustment \$/Mcf \$0.0000 Sales Fund Previous Quarter Reported Balance Adjustment \$/Mcf \$/Mcf \$0.0000 Sales Fund Previous Quarter Reported Balance Adjustment \$/Mcf \$/Mcf \$0.0000 Sales Fund Previous Quarter Reported Balance Adjustment \$/Mcf \$	Component	Unit	Amount
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	=Balance Adjustment (BA)	\$ Mcf	\$0.0000

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 mo	nths ended	March 31 2014			
(1)	(2)	(3) Btu	(4)	(5)	(6) (4) x (5)
Supplier	Dth	Conversion Factor	Mcf	Rate	Cost
ATMOS ENERGY			41263	\$5.0894	\$210,003.91 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00
Totals			41,263		\$210,003.91
Line loss for 12 months ended	9/30/201	4 is based on purchases of		41,263.00	
and sales of	38,998.00		5.49%		
Total Expected Cost of Purchas / Mcf Purchases (4)		<u>Unit</u>	Amount \$210,003.91 41,263		
= Average Expected Cost Per Mcf Purchased					\$5.0894
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)					
= Total Expected Gas Cost (to Schedule IA)					

Actual or Average 3 Yr		Jan-15	Feb-15	Mar-15
USAGE		7,175	6,282	5,527
Nomination		4,000	3,000	2,900
Volume to Purchase		1,500	1,200	300
Settlment/Market Price	\$	5.3280	\$ 4.7580	\$ 4.6710
TGT Transport	\$	0.9008	\$ 0.9008	\$ 0.9008
Fuel				
CNEG-Invoice/Dth	\$	6.2288	\$ 5.6588	\$ 5.5718
Btu - Zone 3	\$	1.0067	\$ 1.0067	\$ 1.0067
Mcf Conversion	\$	6.2705	\$ 5.6967	\$ 5.6091
Ccf Conversion	\$	0.0627	\$ 0.0570	\$ 0.0561
	\$	9,343.20	\$ 6,790.56	\$ 1,671.54
Valuma Hadwad		Jan-15	Feb-15	Mar-15
Volume Hedged		2,500	1,800	2,600
WACOG for Hedges	\$	4.0700	\$ 4.0700	\$ 4.0700
TGT Transport	\$	0.9008	\$ 0.9008	\$ 0.9008
Fuel	\$	-)	\$	\$ 2
CNEG-Invoice/Dth	\$	4.9708	\$ 4.9708	\$ 4.9708
Btu - Zone 3	\$	1.0067	\$ 1.0067	\$ 1.0067
Mcf Conversion	\$	5.0041	\$ 5.0041	\$ 5.0041
Ccf Conversion	\$	0.0500	\$ 0.0500	\$ 0.0500
	\$	12,427.00	\$ 8,947.44	\$ 12,924.08
Storage		Jan-15	Feb-15	Mar-15
(Injection)/Withdrawals		3,175	3,282	2,627
WACOG for Hedges	\$	3.9500	\$ 3.9500	\$ 3.9500
TGT Transport	\$	0.9008	\$ 0.9008	\$ 0.9008
Fuel				

CNEG-Invoice/Dth	\$ 4.8508	\$ 4.8508	\$ 4.8508
Btu - Zone 3	\$ 1.0067	\$ 1.0067	\$ 1.0067
Mcf Conversion	\$ 4.8833	\$ 4.8833	\$ 4.8833
Ccf Conversion	\$ 0.0488	\$ 0.0488	\$ 0.0488
	\$ 15,401.29	\$ 15,920.33	\$ 12,743.05
\$\$\$ per Dth	\$ 5.1807	\$ 5.0395	\$ 4.9464
Overall \$\$\$ per Mcf	\$ 5.2154	\$ 5.0733	\$ 4.9795

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

June 30, 2014

<u>Particulars</u>	Unit	Jul-14	Aug-14	Sep-14
Total Supply Volumes Purchased	Mcf	589	606	651
Total Cost of Volumes Purchased	\$	\$3,186.23	\$2,908.88	\$3,224.74
/ Total Sales *	Mcf	614.0	575.0	618.0
= Unit Cost of Gas	\$/Mcf	\$5.1893	\$5.0589	\$5.2180
- EGC in Effect for Month	\$/Mcf	\$6.2101	\$6.2101	\$6.2101
= Difference	\$/Mcf	(\$1.0208)	(\$1.1512)	(\$0.9921)
x Actual Sales during Month	Mcf	614.0	532.0	579.0
= Monthly Cost Difference	\$	(\$626.77)	(\$612.43)	(\$574.41)
Total Cost Difference		(\$1,813.61)		
/ Sales for 12 months ended		38,998.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.0465)		

^{*} May not be less than 95% of supply volume