Valley Gas, Inc.
401 First Street, Irvington, Kentucky 40146 270-547-2455

June 2, 2017

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

RECEIVED
JUN 5 2017
Public Service Commission

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 advice.

Your assistance is appreciated.

Sincerely

Kerry Kasey

Kerry Kasey
Valley Gas, Inc.

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

Component	Unit	Amount
		Proposed
Expected Gas Cost (EGC)	$/Mcf	$4.8350
Refund Adjustment (RA)	$/Mcf	$0.0000
Actual Adjustment (AA)	$/Mcf	($0.5843)
Balance Adjustment (BA)	$/Mcf	$0.0000
Gas Cost Recovery Rate (GCR)	$/Mcf	$4.2506

Rates to be effective for service rendered from July 1, 2017

A. EXPECTED GAS COST CALCULATION	Unit	Amount
Total Expected Gas Cost (Sch II)	$/Mcf	$142,105.26
/Sales for the 12 months ended	$/Mcf	29,391.00
Expected Gas Cost	$/Mcf	$4.8350

B. REFUND ADJUSTMENT CALCULATION	Unit	Amount
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

C. ACTUAL ADJUSTMENT CALCULATION	Unit	Amount
Actual Adjustment for the Reporting Period (Sch IV)	$/Mcf	($0.6129)
+Previous Quarter Reported Actual Adjustment	$/Mcf	($0.0780)
+Second Previous Quarter Reported Actual Adjustment	$/Mcf	($0.0233)
+Third Previous Quarter Reported Actual Adjustment	$/Mcf	$0.1299
=Actual Adjustment (AA)	$ Mcf	($0.5843)

D. BALANCE ADJUSTMENT CALCULATION	Unit	Amount
Balance Adjustment for the Reporting Period (Sch V)	$/Mcf	$0.0000
+Previous Quarter Reported Balance Adjustment	$/Mcf	
+Second Previous Quarter Reported Balance Adjustment	$/Mcf	
+Third Previous Quarter Reported Balance Adjustment	$/Mcf	
=Balance Adjustment (BA)	$ Mcf	$0.0000

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended March 31, 2017

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Constellation Energy			29,391	$4.5067	$132,456.42
					$0.00
					$0.00
					$0.00
					$0.00
					$0.00
					$0.00
Totals			29,391		$132,456.42

Line loss for 12 months ended 3/31/2017 is based on purchases of 29,391.00
and sales of 31,532.00 Mcf. -7.28%

	Unit	Amount
Total Expected Cost of Purchases (6)		$132,456.42
/ Mcf Purchases (4)		29,391
= Average Expected Cost Per Mcf Purchased		$4.5067
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		31,532.00
= Total Expected Gas Cost (to Schedule IA)		$142,105.26

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	29,391.00
Current Supplier Refund Adjustment		0

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended March 31, 2016

Particulars	Unit	*Jan-17*	*Feb-17*	*Mar-17*
Total Supply Volumes Purchased	Mcf	1500	3807	7069
Total Cost of Volumes Purchased	$	$10,922.66	$15,801.98	$18,689.61
/ Total Sales *	Mcf	5,571.0	5,153.0	4,246.0
= Unit Cost of Gas	$/Mcf	$1.9606	$3.0666	$4.4017
- EGC in Effect for Month	$/Mcf	$4.2371	$4.2371	$4.2371
= Difference	$/Mcf	($2.2765)	($1.1705)	$0.1646
x Actual Sales during Month	Mcf	5,571.0	5,153.0	4,246.0
= Monthly Cost Difference	$	($12,682.22)	($6,031.80)	$698.88

Total Cost Difference	($18,015.14)
/ Sales for 12 months ended	29,391.0
= Actual Adjustment for the Reporting Period (to Sch IC)	($0.6129)

* May not be less than 95% of supply volume

Fuel
2.86%

Actual or Average 3 Yr	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
USAGE	7,175	6,282	4,807	3,275	2,605	659	589	660	660			
Nomination	1,500	1,100	1,600	1,125	1,865	1,725	1,950	1,200	600			
Volume to Purchase	-	-	-	-	-	-	-	-	-	(1,050)	(675)	(1,350)
Settlment/Market Price	$ 3.2770	$ 3.2770	$ 3.2770	$ 3.2770	$ 3.2770	$ 3.2770	$ 3.6380	$ 3.6380	$ 3.6380			
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	$ 4.1777	$ 4.1777	$ 4.1777	$ 4.1777	$ 4.1777	$ 4.1777	$ 4.5387	$ 4.5387	$ 4.5387	$ 0.9007	$ 0.9007	$ 0.9007
Btu - Zone 3	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058
Mcf Conversion	$ 4.2019	$ 4.2019	$ 4.2019	$ 4.2019	$ 4.2019	$ 4.2019	$ 4.5650	$ 4.5650	$ 4.5650	$ 0.9059	$ 0.9059	$ 0.9059
Ccf Conversion	$ 0.0420	$ 0.0420	$ 0.0420	$ 0.0420	$ 0.0420	$ 0.0420	$ 0.0457	$ 0.0457	$ 0.0457	$ 0.0091	$ 0.0091	$ 0.0091
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (945.74)	$ (607.97)	$ (1,215.95)
Volume Hedged	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
	1,500	1,100	1,600	1,125	1,865	1,725	1,950	1,200	600	1,050	675	1,350
WACOG for Hedges	$ 3.4970	$ 3.4291	$ 3.2783	$ 3.5800	$ 3.5800	$ 3.5800	$ 3.5800	$ 3.5800	$ 3.5800	$ 3.5800	$ 3.5800	$ 3.5800
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	$ 4.3977	$ 4.3298	$ 4.1790	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807
Btu - Zone 3	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058
Mcf Conversion	$ 4.4232	$ 4.3549	$ 4.2032	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067
Ccf Conversion	$ 0.0442	$ 0.0435	$ 0.0420	$ 0.0451	$ 0.0451	$ 0.0451	$ 0.0451	$ 0.0451	$ 0.0451	$ 0.0451	$ 0.0451	$ 0.0451
	$ 6,596.55	$ 4,762.78	$ 6,686.40	$ 5,040.79	$ 8,356.51	$ 7,729.21	$ 8,737.37	$ 5,376.84	$ 2,688.42	$ 4,704.74	$ 3,024.47	$ 6,048.95
Storage	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
(Injection)/Withdrawals	(5,675)	(5,182)	(3,207)	(2,150)	(740)	1,066	1,361	540	(60)	-	-	-
WACOG for Storage	$ 3.4970	$ 3.4291	$ 3.2783	$ 3.5800	$ 3.5800	$ 3.5800	$ 3.5800	$ 3.5800	$ 3.5800	#DIV/0!	#DIV/0!	#DIV/0!
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	$ 4.3977	$ 4.3298	$ 4.1790	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807	#DIV/0!	#DIV/0!	#DIV/0!
Btu - Zone 3	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058	$ 1.0058
Mcf Conversion	$ 4.4232	$ 4.3549	$ 4.2032	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067	#DIV/0!	#DIV/0!	#DIV/0!
Ccf Conversion	$ 0.0442	$ 0.0435	$ 0.0420	$ 0.0451	$ 0.0451	$ 0.0451	$ 0.0451	$ 0.0451	$ 0.0451	#DIV/0!	#DIV/0!	#DIV/0!
	$ (24,956.95)	$ (22,437.02)	$ (13,402.05)	$ (9,633.51)	$ (3,315.72)	$ 4,776.43	$ 6,098.23	$ 2,419.58	$ (268.84)	#DIV/0!	#DIV/0!	#DIV/0!
$$$ per Dth	$ 4.3977	$ 4.3298	$ 4.1790	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807	$ 4.4807	#DIV/0!	#DIV/0!	#DIV/0!
Overall $$$ per Mcf	$ 4.4232	$ 4.3549	$ 4.2032	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067	$ 4.5067	#DIV/0!	#DIV/0!	#DIV/0!