

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT )	CASE NO.
FILING OF VALLEY GAS, INC. )	2025-00389

ORDER

On November 26, 2025, Valley Gas, Inc. (Valley Gas) filed its quarterly Gas Cost Recovery (GCR) rate report with a proposed effective date of January 1, 2026, along with responses to Commission Staff's Request for Information (Staff's Case No. 2023-00385 Request).<sup>1</sup> By Order issued December 23, 2025, the Commission suspended the effective date of the proposed GCR rates in this proceeding for one day until January 2, 2026, to give the Commission time to investigate the proposed GCR rates, and to allow Valley Gas the option to begin charging the GCR rates, pending a final Order and subject to refund, provided it supplied written notice to the Commission of its intention to do so as required by KRS 278.190(2). On January 30, 2026, Valley Gas issued a letter stating that it would be placing the proposed tariff into effect, subject to refund, following the suspension date. On February 25, 2026, Valley Gas filed an updated spreadsheet showing Valley Gas Sales and Purchases for the October, November, and December 2025 period. Valley Gas's previous GCR rate was approved in Case No. 2024-00175.<sup>2</sup>

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<sup>1</sup> Case No. 2023-00385, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (filed. Nov. 26, 2025), Valley Gas's Response to Commission Staff's Supplemental Request For Information - Billing Reports; Response To Request For Information - GCR Rate Billed To Customer; And Response To Request For Information - Constellation Invoices.

<sup>2</sup> Case No. 2024-00175, *Electronic Purchased Gas Adjustment Filing Of Valley Gas, Inc* (Ky. PSC Sept. 23, 2025).

There are no intervenors in this proceeding. This matter now stands submitted to the Commission for a decision.

### LEGAL STANDARD

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates, or the rates charged by an affiliated company, to the extent the amount is deemed to be unjust or unreasonable.<sup>3</sup>

The Commission has exclusive jurisdiction over the regulation of rates and service of utilities in Kentucky under KRS 278.040(2). Pursuant to KRS 278.030(1), a utility may demand, collect, and receive fair, just and reasonable rates and, pursuant to KRS 278.030(2), that the service rendered and conditions under which service is to be rendered by the utility must be adequate, efficient and reasonable. KRS 278.190 permits the Commission to investigate any schedule of new rates to determine its reasonableness.

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<sup>3</sup> KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

## BACKGROUND

In Case No. 2022-00315,<sup>4</sup> the Commission discovered that Valley Gas had not been properly implementing the special contract between it and its industrial customer, Mago Construction Company (Mago), as approved by the Commission in Case No. 2014-00368.<sup>5</sup> The special contract granted Valley Gas a deviation in its GCR rate calculation to exclude Mago purchases and sales should Mago purchase natural gas from a source other than Valley Gas. The industrial customer's gas supply costs and gas purchases were removed from the GCR rate calculation in Case No. 2018-00089.<sup>6</sup> However, up to this point, Mago has only procured its natural gas from Valley Gas and never from a separate source.<sup>7</sup> During an Informal Conference between Valley Gas and Commission Staff in Case 2022-00315, it was determined that Valley Gas has charged Mago a GCR rate despite having its sales and purchases excluded from the calculation.<sup>8</sup>

The Commission, in review of prior GCR rate reports, also found that, when Constellation purchased additional gas for the purpose of injecting the gas into storage, it would result in a high unit cost of gas rate. For example, in Case No. 2022-00055, the months of August and October 2021, Valley Gas reported a unit cost of gas of \$133.9385

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<sup>4</sup> Case No. 2022-00315, *Electronic Application of Valley Gas, Inc. for an Alternative Rate Adjustment* (Ky. PSC Aug. 18, 2023), Order at 6.

<sup>5</sup> Case No. 2014-00368, *Valley Gas, Inc. Request for Approval of a Special Contract with Mago Construction Company and a Deviation from the Gas Cost Adjustment Clause* (Ky. PSC Oct. 28, 2014).

<sup>6</sup> Case No. 2018-00089, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (filed Mar. 5, 2018).

<sup>7</sup> Case No. 2023-00385, Jan. 24, 2024 Valley Gas's Response to Commission Staff's First Request for Information, Item 1.

<sup>8</sup> Case No. 2022-00315, *Electronic Application of Valley Gas, Inc. for an Alternative Rate Adjustment* (filed Apr. 17, 2023), Informal Conference Memo, paragraph 3.

per Mcf<sup>9</sup> and \$133.7705 per Mcf,<sup>10</sup> respectively. Valley Gas's invoices provided justification of the quarter Actual Adjustment (AA) rates based on the methodology at that time. Valley Gas calculated its proposed current quarter AA, in that case, by finding the monthly Unit Cost of Gas based on the Total Cost of Volumes—excluding Mago—divided by Total GCA Sales from the usage through the city gate. In 2022, it was discovered during an informal conference between Commission Staff and Valley Gas that the storage end balance summary report provided by Valley Gas was on a three month quarterly basis to match the quarterly timing of the GCR rate reports and the data summary sheet filed by Valley Gas was edited to reflect the storage end balance.<sup>11</sup> Subsequent to that informal conference, Valley Gas was requested to provide the monthly injection/withdrawal information for review. The Commission found that Valley Gas's AA methodology required modification to accurately reflect the actual cost of gas that is unique to Valley Gas's system and its gas procurement practices. The modified AA component sheet attempted to account for storage but erroneously continued to exclude Mago from the calculation.<sup>12</sup>

In Case No. 2023-00385, the Commission ordered Valley Gas to include Mago in the calculation of its GCR when Mago purchased natural gas from Valley Gas and is

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<sup>9</sup> See Case No. 2021-00435, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Dec. 27, 2021), page 2, paragraph 4

<sup>10</sup> See Case No. 2022-00055, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC Mar. 30, 2022), page 2, paragraph 4.

<sup>11</sup> Case No. 2022-00149, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 16, 2022), Information Conference Memo.

<sup>12</sup> Case No. 2022-00149, June 30, 2022 final Order Appendix B.

charged the GCR rate.<sup>13</sup> The Commission directed Valley Gas to exclude Mago in the calculation of its GCR when Mago purchases natural gas from a source other than Valley Gas, and that Mago should not be charged the GCR rate when Mago purchases natural gas from another source.<sup>14</sup> The Commission further revised Valley Gas's Actual Adjustment sheet calculation to include Mago in the GCR calculation and to properly account for storage injection and withdraws.<sup>15</sup>

### CURRENT MECHANISM

Valley Gas's current Purchased Gas Cost Adjustment Clause Tariff sets forth the calculation for the GCR<sup>16</sup> rate as: Expected Gas Cost (EGC); plus, a supplier Refund Adjustment (RA) component; plus, four quarters of AA, equating to a total AA component. Some GCR tariffs for the smaller Kentucky Local Distribution Companies (LDCs), such as Valley Gas, do not have the Balancing Adjustment (BA) as a part of the calculation of the GCR rate. The BA compensates for any under- or over-collections that have occurred as a result of prior adjustments and is composed of four quarters of BA equating to a total BA component. For some LDCs, the differences are minimal and some LDCs do not have the BA component in its GCR calculation. The AA component of the GCR calculation is used to true up the expected cost of gas, as set by the EGC, against the actual cost of gas for the review period. The under- or over-collection of gas costs are

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<sup>13</sup> Case No. 2023-00385, Sept. 4, 2025 final Order at 9.

<sup>14</sup> Case No. 2023-00385, Sept. 4, 2025 final Order at 9.

<sup>15</sup> Case No. 2023-00385, Sept. 4, 2025 final Order.

<sup>16</sup> The term Gas Cost Recovery or "GCR" is interchangeable with Gas Cost Adjustment "GCA"; and Purchased Gas Adjustment "PGA". The term Actual Cost Adjustment "ACA" and Actual Adjustment "AA" are also interchangeable terms, and both refer to the true-up component of the GCR. For the sake of consistency, the Commission uses "GCR" in its final Orders unless otherwise stated. The Commission also universally reports the usage rate for natural gas using Mcf.

divided by the 12-month historical sales to create a quarter component that is then placed into effect for a 12-month period. The GCR is intended to be a prospective determination of upcoming gas costs based on retrospective calculations and prospective market based or supplier-based rates.

Valley Gas's GCR tariff also establishes a 30-day notice filing period and sets forth the calendar quarters for which each GCR rate, comprised of its respective components, are to be in effect. While the tariff may not provide an explicit mathematical expression, each component is designated with its own purpose related to the dollar-for dollar pass through of gas costs.<sup>17</sup>

## DISCUSSION AND ANALYSIS

### Modified Actual Adjustment Sheet

In Case No. 2023-00385, the Commission directed Valley Gas to update its Actual Adjustment sheet component to account for storage injections and withdrawals to more accurately reflect the actual cost of gas that is unique to Valley Gas's system and its gas procurement practices.<sup>18</sup> Upon review of Valley Gas's response to Staff's Case No. 2023-00385 Request, the Commission finds that Valley Gas's AA component should be further modified to correct for injection and withdrawal balances being included in the unit cost of gas, unit of measurement calculation from dth to Mcf, and the invoiced rate per Mcf.<sup>19</sup>

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<sup>17</sup> The ECG is used to estimate the expected cost of gas during the upcoming quarter (e.g. Jan.—Mar. for an application filed in Dec.). The AA is used to true-up the difference between the expected and actual gas costs for the quarter preceding the filing of the GCR report, but the true-up of each quarter is spread across an entire year based on annual sales such that the total AA is made up of four quarterly AA components. The RA is used to true-up refunds received from suppliers in the quarter preceding the filing of the GCR report, but like the AA, the true-up of each quarter is spread across an entire year based on annual sales such that the total RA adjustment is made up of four quarterly RA adjustments.

<sup>18</sup> Case No. 2023-00385, Sept. 4, 2025 final Order at 12-13.

<sup>19</sup> Revisions to the AA calculation are indicated in red on the AA sheet provided in Appendix A to this Order. Revisions include: increasing and decreasing the Purchase Cost excluding storage, row (o)

The Commission finds that Valley Gas should replace its Schedule IV, Actual Adjustment calculation with the new AA calculation, provided as an example in Appendix A to this Order.

### Reconciliation of Gas Cost

The uncertainty as to correct Actual Adjustment methodology to use to reflect Valley Gas's unique gas system led to the Commission suspending Valley Gas's GCR rate report filing in Case No. 2023-00385,<sup>20</sup> and Case No. 2024-00175,<sup>21</sup> pursuant to KRS 278.190(2) for additional discovery. Valley Gas issued letters in both cases stating that it would be placing the proposed GCR rates into effect, subject to refund, following the suspension date.<sup>22</sup> By Commission Order in Case No. 2023-00385, any under- or over-recoveries of gas costs that would have been reconciled in Case Nos. 2023-00385 and 2024-00175, would be reconciled in the GCR rate report filed by Valley Gas for rates effective January 1, 2026.<sup>23</sup> In the final Order in Case No. 2023-00385, the Commission included a request for information with responses due to be filed in Valley Gas's GCR rate report for rates effective January 1, 2026.<sup>24</sup> Based on the responses filed by Valley

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based the dollar amount injected or withdrawn; updating the conversion of dth to Mcf in Usage Purchased (for sale), row (q) and in Unit Cost of Gas (Invoiced), row (u); recalculating the Unit Cost of Gas (Invoiced), row (u) to include the Purchase Cost, row (a) and the Usage Purchased, row (b); and updating the EGC in Effect for month, row (w) to reflect the EGC in effect.

<sup>20</sup> Case No. 2023-00385, Sept. 4, 2025 final Order, Appendix A.

<sup>21</sup> Case No. 2024-00175, *Electronic Purchased Gas Adjustment Filing of Valley Gas, Inc.* (filed July 15, 2024).

<sup>22</sup> Case No. 2024-00175, July 15, 2024 Notice of Intent to Place Proposed Rates Into Effect.

<sup>23</sup> Case No. 2023-00385, Sept. 4, 2025 final Order at ordering paragraph 8.

<sup>24</sup> Case No. 2023-00385, Sept. 4, 2025 final Order, Appendix B.

Gas<sup>25</sup> and utilizing the revised AA calculation provided as an example in Appendix A to this Order, the Commission has determined the amount over-collected for the period since Case No. 2023-00385 to be \$81,123.71 as shown below.

Gas Cost Expenses	Gas Cost Revenue	Charge or (Credit) Amount
\$ 312,887.14 Gas Cost w/ Storage		
- \$ 52,588.46 Disallowed gas cost (5%)		
\$ 260,298.68 Allowed Gas Cost pass thru	- \$ 281,875.10 EGC Revenue	= \$ (21,576.42) EGC Credit to Customers
\$ 32,773.84 Reconciliation of prior ACA Quarters	- \$ 92,321.13 ACA Revenue	= \$ (59,547.29) ACA Credit to Customers
<b>\$ 293,072.52 Gas Cost to be Collected</b>	<b>- \$ 374,196.23 Total GCR Revenue</b>	<b>= \$ (81,123.71) Amount of Credit to Customers</b>

In Case No. 2023-00385, Valley Gas proposed a current quarter AA component using the July, August, and September 2023 period.<sup>26</sup> Due to the original suspension of Case No. 2023-00385, the Commission calculated the reconciliation period beginning with the month of July 2023 through to the most updated reporting period of September 2025.

The amount over-collected was determined using the Modified Actual Adjustment Sheet provided as Appendix A of this Order for the period of July 2023 through to September 2025. Consistent with the Commission’s determination in Case No. 2023-00385 the dollar amount and Mcf amount used for the banked storage originated from the 2022 Annual Report which includes reporting of Unrecovered Purchased Gas Costs (191),<sup>27</sup> Gas stored - Current (164.1),<sup>28</sup> Gas Withdrawn From Storage-Debit (808.1),<sup>29</sup>

<sup>25</sup> Valley Gas’s Response to Commission Staff’s Case No. 2023-00385 Request for Information (filed Nov. 26, 2025).

<sup>26</sup> Case No. 2023-00385, Nov. 24, 2023 GCR rate report filing.

<sup>27</sup> *Annual Report of Valley Gas to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 11 of 42.

<sup>28</sup> 2022 Annual Report at 11 of 42.

<sup>29</sup> 2022 Annual Report at 28 of 42.

Gas Delivered to Storage-Credit (808.2),<sup>30</sup> and Other Deliveries: (Specify).<sup>31</sup> The storage bank information was then updated in the AA calculation sheet since end of year 2022.<sup>32</sup> When natural gas is injected into or withdrawn from storage, the unit cost of the gas when purchased is incorporated into the end of month balance in storage gas cost and in storage gas volume. This results in a lower monthly purchase gas cost when gas is added to storage and a higher monthly purchase gas cost when gas is withdrawn from storage. Customers are charged the gas cost when the gas is circulated through for customer usage. Additionally, the Commission determined the amount of disallowed gas costs, primarily consisting of gas lost as a result of line leakage that exceeds 5 percent of actual gas purchases for the same period (line loss limiter), which the Commission has previously determined to be unreasonable to recover through the GCR.<sup>33</sup> The Commission, therefore, determines that the amount that needed to be collected is approximately \$293,072.52 and the total GCR revenue collected is \$374,196.23, which results in an over-collection of \$81,123.71 for the reconciliation period.

The Commission must consider what constitutes a reasonable time period over which Valley Gas will credit the \$81,123.71 to its customers. The Commission recognizes that any substantial decrease in the GCR rate may affect Valley Gas's ability to pay its wholesale gas supplier. In weighing all concerns, the Commission finds a refund period of 36 months to be reasonable. The Commission considered the historic number of

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<sup>30</sup> 2022 Annual Report at 28 of 42.

<sup>31</sup> 2022 Annual Report at 37 of 42.

<sup>32</sup> Case No. 2023-00385, Oct. 20, 2025 final Order at 13.

<sup>33</sup> See, Case No. 2023-00067, *Electronic Application For Revised Quarterly Gas Cost Recovery Schedules For Kentucky Frontier Gas, LLC*. (Ky. PSC Mar. 28, 2024), final Order at 14.

annual sales made by Valley Gas over the last three-year period of 2023, 2024, and 2025, totaling 100,377.1 Mcf.<sup>34</sup> Applying the over-collected amount over a three-year period would reduce the amount of gas costs charged to rate payers while also not negatively impacting Valley Gas's financial situation. Dividing the \$81,123.71 amount to be returned by 100,377.1 Mcf equals a refund of approximately \$0.8082 per Mcf. Thus, the Commission finds that Valley Gas should include the (\$0.8082) per Mcf credit through the RA component<sup>35</sup> of the GCR for a period of 36-months or until the \$81,123.71 is fully credited back, whichever comes first. The Commission will track the amount being refunded through this adjustment, and may adjust the credit or timeframe in future GCR proceedings, depending on Valley Gas's actual sales volumes.

#### Gas Cost Recovery Rate Components

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that Valley Gas's GCR report includes a revised rate designed to pass on to its customers its expected change in gas costs. The proposed EGC was calculated based on a 12-month reporting period ended September 30, 2025. Based on the February 26, 2026 filing with the updated reporting period of October, November, and December 2025, Valley Gas's EGC can be updated to include the most recent sales and purchase data. Updating Valley Gas's reporting period to include October, November, and December 2025 results in an EGC of \$4.7377 per Mcf. As discussed in this Order,

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<sup>34</sup> The 100,377.1 Mcf of sales in Mcf for the three-year period was taken from the Purchases and Sales Data sheet for the period of January 2023 through December 2025.

<sup>35</sup> Valley Gas should update its Schedule I, Gas Cost Recovery Rate Summary sheet to include the (\$0.8082) per Mcf in the section that references the Refund Adjustment. Valley Gas does not need to modify or change Schedule III, Supplier Refund Adjustment sheet to incorporate the (\$0.8082) per Mcf credit.

Valley Gas's RA should be set at (\$0.8082) per Mcf. The reporting period months of October, November, and December 2025 were used to determine the current quarter AA rate component in this proceeding. Valley Gas's current quarter AA and total AA is updated to \$0.2265 per Mcf by using the Modified Actual Adjustment Sheet provided as Appendix A of this Order. Based on the calculations, the Commission finds that Valley Gas's GCR rate is \$4.1560 per Mcf. Based on its GCR Tariff, the next calendar quarter in which a GCR can be placed into effect is April 1, 2026. Therefore, the Commission finds that the rate set forth in the Appendix B to this Order is fair, just and reasonable and shall be approved for service rendered by Valley Gas on and after April 1, 2026.

In order to ensure the calculation mechanism is capturing the expenses related to gas procurement, Valley Gas should thoroughly maintain its records in such a manner as to allow Valley Gas, and the Commission, to determine the amounts of gas costs recovered through Valley Gas's GCR rate mechanism. Furthermore, the Commission reserves its right to initiate an investigation to determine whether Valley Gas's GCR mechanism is accurately collecting the system's gas procurement related costs.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Valley Gas should submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. Valley Gas's future GCR reports should also include the additional information previously provided as a supplemental filing on June 13, 2018, in Case No. 2018-00177<sup>36</sup> as it pertains to the calculation of the future GCR rate along with the

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<sup>36</sup> Case No. 2018-00177, *Purchased Gas Adjustment Filing of Valley Gas, Inc.* (Ky. PSC June 19, 2018).

monthly storage injection and withdrawal information from Constellation. Additionally, Valley Gas should provide the Commission with the monthly storage injection and withdrawal data from Constellation as supplemental information when it files its quarterly GCR rate reports. Should Valley Gas purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount should be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Valley Gas are denied.
2. The rates set forth in the Appendix B to this Order are approved for service rendered on and after April 1, 2026. Valley Gas shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.
3. Valley Gas shall set out its RA as (\$0.8082) per Mcf for the next 36 months or until \$81,123.71 has been credited to customers.
4. Valley Gas shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.
5. Valley Gas shall maintain its records in such a manner as will allow Valley Gas, and the Commission, to determine the amounts of gas costs recovered through Valley Gas's GCR rate mechanism.
6. Should Valley Gas purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount shall be documented in its cover letter to the Commission.

7. Within 20 days of the date of service of this Order, Valley Gas shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

8. The Commission reserves its right to initiate an investigation to determine whether Valley Gas's GCR mechanism is accurately collecting the system's gas procurement related costs, should the Commission deem it necessary.

9. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION

  
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Chairman

  
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Commissioner

  
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Commissioner

ATTEST:

  
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Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2025-00389 DATED MAR 17 2026

ONE PAGE TO FOLLOW

					Oct-25	Nov-25	Dec-25
					11/30/2023	11/30/2023	11/30/2023
					Oct-25	Nov-25	Dec-25
Case Which is in Effect during period:					2024-00175	2024-00175	2024-00175
Purchase Cost	(a)	Input	\$		\$ 7,516.95	\$ 7,930.43	\$ 20,872.39
Usage Purchased	(b)	Input	dth		1,936.0	1,350.0	3,450.0
Usage Thru City Gate	(c)	Input	dth		803.2	3,582.8	6,226.4
Storage Injection/(Withdrawals)	(d)	(b-c)	dth		1,132.8	(2,232.8)	(2,776.4)
Unit Cost of Purchased Gas	(e)	(a/b)	\$/dth		\$ 3.8827	\$ 5.8744	\$ 6.0500
Prior month balance - Costs	(f)	(from prior month)	\$		\$ 80,318.14	\$ 84,716.50	\$ 76,848.20
Plus: Injections	(g)	if (d>0), then (d x e)	\$		\$ 4,398.36	\$ -	\$ -
Less: Withdrawal	(h)	if (d<0), then (d x (f / j))	\$		\$ -	\$ (7,868.30)	\$ (9,783.96)
End month balance - Costs	(i)	(f + g + h)	\$		\$ 84,716.50	\$ 76,848.20	\$ 67,064.24
Prior month balance - Gas	(j)	(from prior month)	dth		22,907.23	24,040.04	21,807.25
Plus: Injections	(k)	if (d>0), then (d)	dth		1,132.81	-	-
Less: Withdrawal	(l)	if (d<0), then (d)	dth		-	(2,232.79)	(2,776.40)
End month balance - Gas	(m)	(f + g + h)	dth		24,040.04	21,807.25	19,030.85
Purchase Cost including storage	(n)	(a)	\$		\$ 7,516.95	\$ 7,930.43	\$ 20,872.39
Purchase Cost excluding storage	(o)	(n + (-1*(g + h)))	\$		\$ 3,118.59	\$ 15,798.73	\$ 30,656.35
		[ if W then n < o, if I then n > o ]			I	W	W
Usage Purchased (for sale)	(p)	(c)	dth		803.19	3,582.79	6,226.40
Usage Purchased (for sale)	(q)	(n / 1.03)	Mcf		779.80	3,478.44	6,045.05
Actual Sales	(r)	Input	Mcf		571.1	2,268.7	4,984.8
5% Line Loss Limiter	(s)	formula			LIMIT APPLIED	LIMIT APPLIED	LIMIT APPLIED
Allowable Total Sales (5% limit)	(t)	If (s) = LIMIT, then (q x 0.95)	Mcf		740.81	3,304.52	5,742.80
Unit Cost of Gas (Invoiced)	(u)	(a / ( b / 1.03))	\$/Mcf		\$ 3.9992	\$ 6.0506	\$ 6.2315
Unit Cost of Gas (exclude storage)	(v)	(o / t)	\$/Mcf		\$ 4.2097	\$ 4.7809	\$ 5.3382
EGC in Effect for month	(w)	Input	\$/Mcf		\$ 4.0923	\$ 4.0923	\$ 4.0923
= Difference	(x)	(v - w)	\$/Mcf		\$ 0.1174	\$ 0.6886	\$ 1.2459
Actual Sales	(y)	Input	Mcf		571.1	2,268.7	4,984.8
Monthly cost difference	(z)	(x * y)	\$		\$ 67.05	\$ 1,562.23	\$ 6,210.56
Total cost difference (Month 1 + Month 2 + Month 3)					\$	\$ 7,839.84	
Sales for 12 months ended					Mcf	34,617.50	
Current Quarter AA					\$/Mcf	0.2265	

2022 End	
Storage bank	Dec 22
\$ 30,544.97	\$
13,054.00	dth
2.3399	\$/dth
12,673.79	mcf
\$ 2.4101	\$/mcf

dth to Mcf
1.03
1 dth = 0.98 mcf
1 Mcf = 1.03 dth

End Balance	
Storage bank	Sep 25
\$ 80,318.14	\$
22,907.23	dth
3.5062	\$/dth
22,240.03	mcf
\$ 3.6114	\$/mcf

dth to Mcf
1.03
1 dth = 0.98 mcf
1 Mcf = 1.03 dth

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2025-00389 DATED MAR 17 2026

The following rates and charges are prescribed for the customers in the area served by Valley Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 3.1821	\$ 4.1560	\$ 7.3381

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