

Valley Gas, Inc.

401 First Street, Irvington, Kentucky 40146

270-547-2455

RECEIVED

DEC 3 2012

PUBLIC SERVICE
COMMISSION

November 28, 2012

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

Dear Mr. Derouen:

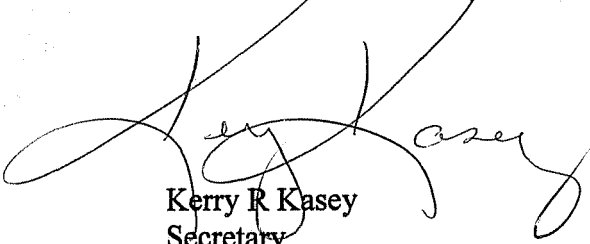
Enclosed please find our application for revised rates in accordance with purchased gas cost adjustment requirements report. Also, I have include copies of the Annual Report & Report of Gross Operating Revenues.

We would like for the adjustment to become effective in January 1, 2013. If additional information is needed, please advise.

Your assistance is appreciated.

Yours truly,

VALLEY GAS, INC.


Kerry R Kasey
Secretary

TGT Meter 187 FAX

(270) 547-2464

Valley Rate Sheet

TGT Meter 1874



Summer-Winter 2012-13		
%	1%	Fuel Factor
4.49%	0.9551	0.04701

Actual or Average 3 Yr USAGE	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
Volume to Purchase	594	600	674	1,919	3,295	7,048	8,377	6,422	4,166	1,863	1,079	727
Current Market Price	\$ 2.7740	\$ 3.0100	\$ 2.6340	\$ 3.0230	\$ 3.4710	\$ 3.7900	\$ 3.8800	\$ 3.8570	\$ 3.8100	\$ 3.8300	\$ 3.8600	\$ 3.8900
TGT Transport Fuel	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
AEM-Invoice/Dth	\$ 3.8057	\$ 4.0528	\$ 3.6591	\$ 4.0664	\$ 4.5355	\$ 4.8695	\$ 4.9637	\$ 4.9396	\$ 4.8904	\$ 4.9114	\$ 4.9428	\$ 4.9742

Btu - Zone 3	1.0085	1.0050	1.0135	1.0042	1.0042	1.0042	1.0042	1.0042	1.0042	1.0042	1.0042	1.0042
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Mcf Conversion	\$ 3.8380	\$ 4.0731	\$ 3.7085	\$ 4.0834	\$ 4.5545	\$ 4.8899	\$ 4.9845	\$ 4.9603	\$ 4.9109	\$ 4.9319	\$ 4.9635	\$ 4.9950
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Ccf Conversion	\$ 0.0384	\$ 0.0407	\$ 0.0371	\$ 0.0408	\$ 0.0455	\$ 0.0489	\$ 0.0498	\$ 0.0496	\$ 0.0491	\$ 0.0493	\$ 0.0496	\$ 0.0499
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	\$ 2,260.59	\$ 2,431.68	\$ 2,466.25	\$ 7,803.45	\$ 14,944.39	\$ 34,320.03	\$ 41,580.93	\$ 31,722.24	\$ 20,373.45	\$ 9,149.85	\$ 5,333.24	\$ 3,616.22
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Volume Hedged	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
WACOG for Hedges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TGT Transport Fuel	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013
AEM-Invoice/Dth	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013	\$ 0.9013

Btu - Zone 3	1.0085	1.0050	1.0135	1.0042	1.0042	1.0042	1.0042	1.0042	1.0042	1.0042	1.0042	1.0042
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Mcf Conversion	\$ 0.9090	\$ 0.9058	\$ 0.9135	\$ 0.9051	\$ 0.9051	\$ 0.9051	\$ 0.9051	\$ 0.9051	\$ 0.9051	\$ 0.9051	\$ 0.9051	\$ 0.9051
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Ccf Conversion	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091	\$ 0.0091
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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SSS per Dth	\$ 3.8057	\$ 4.0528	\$ 3.6591	\$ 4.0664	\$ 4.5355	\$ 4.8695	\$ 4.9637	\$ 4.9396	\$ 4.8904	\$ 4.9114	\$ 4.9428	\$ 4.9742
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Overall \$\$\$ per Mcf	\$ 3.8380	\$ 4.0731	\$ 3.7085	\$ 4.0834	\$ 4.5545	\$ 4.8899	\$ 4.9845	\$ 4.9603	\$ 4.9109	\$ 4.9319	\$ 4.9635	\$ 4.9950
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MCF Volume	589	598	665	1,911								
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4.9519

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$4.9625
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$1.5432)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3.4193

Rates to be effective for service rendered from January 1, 2013

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$147,774.60
/Sales for the 12 months ended	\$/Mcf	29,778.00
Expected Gas Cost	\$/Mcf	\$4.9625

<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	\$0.0023
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0306
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0643)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0415
Previous Quarter AA to expire 09/30/2013		(\$1.5533)
=Actual Adjustment (AA)	\$ Mcf	(\$1.5432)

<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	
+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 September 1, 2012

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
ATMOS ENERGY			29,842	\$4.9519	\$147,774.60
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Totals		29,842	\$147,774.60
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Line loss for 12 months ended 9/1/2012 is based on purchases of 29,842.00
and sales of 29,778.00 Mcf. 0.21%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$147,774.60
/ Mcf Purchases (4)	29,842	\$4.9519
= Average Expected Cost Per Mcf Purchased		\$4.9519
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	29,842.00	\$147,774.60
= Total Expected Gas Cost (to Schedule IA)		\$147,774.60

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	29,778.00
<u>Current Supplier Refund Adjustment</u>		<u>0</u>

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended

September 1, 2012

Particulars	Unit	Jul-12	Aug-12	Sep-12
Total Supply Volumes Purchased	Mcf	594	600	674
Total Cost of Volumes Purchased	\$	\$2,248.09	\$2,419.06	\$2,452.08
/ Total Sales *	Mcf	575.0	598.0	575.0
= Unit Cost of Gas	\$/Mcf	\$3.9097	\$4.0453	\$4.2645
- EGC in Effect for Month	\$/Mcf	\$4.0419	\$4.0419	\$4.0419
= Difference	\$/Mcf	(\$0.1322)	\$0.0034	\$0.2226
x Actual Sales during Month	Mcf	575.0	598.0	640.0
= Monthly Cost Difference	\$	(\$76.00)	\$2.00	\$142.46
 Total Cost Difference		 \$68.46		
/ Sales for 12 months ended		29,778.0		
= Actual Adjustment for the Reporting Period (to Sch IC)		\$0.0023		

* May not be less than 95% of supply volume