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JAN 02 2007

Executive
Director's Office

December 27, 2006

Ms. Beth O'Donnell
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 42602

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PUBLIC SERVICE
COMMISSION

RE: Case # Gas Cost Adjustment Report

Dear Ms. O'Donnell:

Case No. 2007-00002

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, February 1, 2007 through April 31, 2006.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard", is written over a horizontal line.

Gary K. Dillard
Executive Vice President

Case No. 2007-00007

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**PUBLIC SERVICE
COMMISSION**

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: January 1, 2007

Date Rates to be Effective: February 1, 2007 To April 31, 2007

Reporting Period is Calendar Quarter Ended:

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 11.1370
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	1.4528
+ Balance Adjustment (BA)	\$/Mcf	<u>(0.1031)</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 12.4867

GCR to be effective for service rendered from 02/1/07 to 04/30/07.

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	99,852.88
+ Sales for the 12 months ended 10/31/2006	Mcf	<u>8,965.84</u>
- Expected Gas Cost (EGC)	\$/Mcf	11.1370
B. <u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	\$ -
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	<u>\$ -</u>
= Refund Adjustment (RA)	\$/Mcf	\$ -
C. <u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$ (0.0557)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (1.0290)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.1562
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ 2.3813</u>
=Actual Adjustment (AA)	\$/Mcf	\$ 1.4528
D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ (0.0224)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0046
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0786)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ (0.0067)</u>
=Balance Adjustment (BA)	\$/Mcf	\$ (0.1031)

SCHEDULE II
EXPECTED GAS COST

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Actual* Mcf Purchase for 12 months ended			10/31/06			
(1)	(2)	(3)	(4)	(5)	(6)	
<u>Supplier</u>	<u>Dth</u>	<u>Heat Rate</u>	<u>Mcf</u>	<u>Rate</u>	<u>(4) x (5)</u>	<u>Cost</u>
Nov-05	Atmos Energy Marketing	1,368.93	1.034	1,323.92	10.580	14,007.07
Dec-05	Atmos Energy Marketing	1,178.22	1.034	1,139.48	10.580	12,055.70
Jan-06	Atmos Energy Marketing	1,240.35	1.034	1,199.56	10.580	12,691.34
Feb-06	Atmos Energy Marketing	1,452.39	1.034	1,404.63	10.580	14,860.99
Mar-06	Atmos Energy Marketing	391.18	1.034	378.32	10.580	4,002.63
Apr-06	Atmos Energy Marketing	495.50	1.034	479.21	10.580	5,070.04
May-06	Atmos Energy Marketing	567.80	1.034	549.13	10.580	5,809.80
Jun-06	Atmos Energy Marketing	703.30	1.034	680.17	10.580	7,196.20
Jul-06	Atmos Energy Marketing	510.80	1.034	494.00	10.580	5,226.52
Aug-06	Atmos Energy Marketing	833.50	1.034	806.09	10.580	8,528.43
Sep-06	Atmos Energy Marketing	821.40	1.034	794.39	10.580	8,404.65
Oct-06	Atmos Energy Marketing	<u>1,365.60</u>	<u>1.034</u>	<u>1,320.70</u>	<u>10.580</u>	<u>13,973.01</u>
Totals		10,928.97	1.034	10,569.60	6.860	111,826.37

Line losses are 15.17% for 12 months ended 10/31/2006 based on purchases of
 10,569.60 Mcf and sales of 8,966 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 111,826.37
Expected Mcf Purchases (4)	Mcf	<u>10,569.60</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 10.580
Plus: Expected Losses of (not to exceed 5%)	(D26/0.95) Mcf	<u>9,437.89</u>
= Total Expected Gas Cost	\$	\$ 99,852.88

Allowable Sales (maximum losses of 5%). \$99,852.88

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended 10/31/2006

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended ____ 10/31/2006	Mcf	8,966
<hr/>		
=Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	\$ -

SCHEDULE IV
ACTUAL ADJUSTMENT

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For the 3 month period ended 10/31/2006

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Aug-06</u>	Month 2 <u>Sep-06</u>	Month 3 <u>Oct-06</u>
Total Supply Volumes Purchased	Mcf	806.09	794.39	1,320.70
Total Cost of Volumes Purchased	\$	\$ 4,968.38	\$ 4,975.27	\$ 9,438.32
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	<u>\$ 765.79</u>	<u>\$ 754.67</u>	<u>\$ 1,254.67</u>
= Unit Cost of Gas	\$/Mcf	\$ 6.4880	\$ 6.5926	\$ 7.5226
- EGC in effect for month	\$/Mcf	<u>\$ 7.2217</u>	<u>\$ 7.2217</u>	<u>\$ 7.2217</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ (0.7337)	\$ (0.6291)	\$ 0.3009
x Actual sales during month	Mcf	<u>512.80</u>	<u>518.30</u>	<u>674.40</u>
= Monthly cost difference	\$	(376.27)	(326.04)	202.91

Total cost difference (Month 1 + Month 2 + Month 3)	<u>Unit</u> \$	<u>Amount</u> \$ (499.39)
+ Sales for 12 months ended <u>10/31/2006</u>	Mcf	<u>8.966</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ (0.0557)

SCHEDULE V
BALANCE ADJUSTMENT

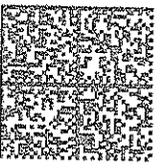
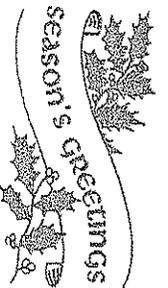
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For the 3 month period ended 10/31/2006

Line	Particulars	Unit	Amount
1	(1) Total cost difference from actual adjustment used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>(2,143.61)</u> Case No. 2005-00415
2	Less: Dollars amount resulting from the AA of <u>(0.2167)</u> \$/MCF as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of 8,966		
3	MCF during the 12 month period the AA was in effect.	\$	<u>(1,942.90)</u>
4	Equals: Balance Adjustment for the AA.	\$	<u>(200.71)</u>
5	(3) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>-</u>
6	Less: Dollar amount resulting from the RA of <u>-</u> \$/MCF as used to compute the OCR in effect four quarters prior to the effective GCR times the sales of 8,966 MCF		
7	during the 12 month period the RA was in effect.	\$	<u>-</u>
8	Equals: Balance Adjustment for the RA.	\$	<u>-</u>
9	(3) Total Balance Adjustment used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>-</u>
10	Less: Dollar amount resulting from the BA of <u>-</u> \$/MCF four quarters prior to the effective date of the currently effective GCR times the sales of 8,966 MCF during the 12 month period the BA was in effect.		
11		\$	<u>-</u>
12	Equals: Balance Adjustment for the BA.	\$	<u>-</u>
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>-200.71</u>
14	Divided By: Sales for 12 months ended 10/31/2006	\$	<u>8,966</u>
15	Equals: Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>(0.0224)</u>



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