

Public Gas Company
220 Lexington Green, Bldg 2, Suite 130
P.O. Box 24032
Lexington, KY 40524-4032
Tele (859) 245-8193

March 29, 2007

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED
MAR 30 2007
PUBLIC SERVICE
COMMISSION

RE: Public Gas Company
Case No. 2007-00139
GCR Filing Proposed to Become
Effective May 1, 2007

RECEIVED
MAR 30 2007
PUBLIC SERVICE
COMMISSION

Dear Ms. O'Donnell:

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective May 1, 2007. Also included are an original and five copies of 41th revised sheet No. 1 of Public's PSC Kentucky No. 1 Tariff, which is being filed pursuant to the Purchased Gas Adjustment provision of that Tariff.

This filing proposes a GCR rate of \$8.7096 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost
Recovery Rate Calculation

Case No. 7007-00139

RECEIVED

MAR 30 2007

**PUBLIC SERVICE
COMMISSION**

Date Filed: March 29, 2007

Date Rates to be Effective: May 1, 2007

Reporting Period is Calendar Quarter Ended: July 31, 2007

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	9.1462
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.4366)
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		8.7096

GCR to be effective for service rendered from May 1, 2007 to July 31, 2007

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	
÷	Sales for the 12 months ended	Mcf	
=	Expected Gas Cost (EGC)	\$/Mcf	
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch.III)		
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
=	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	(.1617)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0292)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0398)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.2059)
=	Actual Adjustment (AA)	\$/Mcf	(.4366)
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
=	Balance Adjustment (BA)		

SCHEDULE II

EXPECTED GAS COST

Actual * MCF Purchases for 12 months ended October 31, 2006

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Gas Purchases		Mcfs	Rate	Sales Mcfs	
11/30/05		12,133	9.1462	11,860	
12/31/05		22,334	9.1462	21,848	
01/31/06		16,644	9.1462	16,360	
02/28/06		20,727	9.1462	20,297	
03/31/06		13,442	9.1462	13,179	
04/30/06		5,127	9.1462	4,985	
05/31/06		3,902	9.1462	3,793	
06/30/06		2,211	9.1462	2,158	
07/31/06		1,504	9.1462	1,480	
08/31/06		1,569	9.1462	1,537	
09/30/06		1,760	9.1462	1,717	
10/31/06		5,899	9.1462	5,774	
Totals		<u>107,252</u>		<u>104,988</u>	

Line loss for 12 months ended October 31, 2006 is 2.11% based on purchases of 107,252 Mcf and sales of 104,988 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	
÷ Mcf Purchases (4)	Mcf	
= Average Expected Cost Per Mcf Purchased	\$/Mcf	
x Allowable Mcf Purchases (must not exceed Mcf sales ÷ .95)	Mcf	
= Total Expected Gas Cost (to Schedule IA)	\$	

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

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

\$9.1462 Per Attached Schedule

Jefferson Gas, LLC

03/29/07

Expected gas price, May, June and July 2007.

Public Gas has asked for an estimate of their gas price for the months of May, June and July.

	Gas price* to Public Gas
May	8.84
June	8.95
July	9.07

*Jefferson Gas purchases gas from various producers based on the NYMEX futures price. This index changes daily, and has been somewhat volatile in the past. Therefore, gas may be more or less than indicated above, depending on the actual NYMEX price for the periods indicated above. The above estimated gas prices were derived from the NYMEX futures prices issued by the NYMEX web site on March 29, 2007.

8.8400	+
8.9500	+
9.0700	+
26.8600	*
26.8600	÷
3.0000	=
8.9533	+
8.9533	*
8.9533	÷
0.9789	=
9.1462	+
9.1462	*

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended

(reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	
+ Interest	\$	
= Refund Adjustment including interest	\$	
÷ Sales for 12 months ended	Mcf	
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended January 31, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (Nov 06)</u>	<u>Month 2 (Dec 06)</u>	<u>Month 3 (Jan 07)</u>
Total Supply Volumes Purchased	Mcf	13,017	16,092	20,953
Total Cost of Volumes Purchased	\$	113,638.41	142,575.12	162,595.28
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	12,750	15,715	20,435
= Unit Cost of Gas	\$/Mcf	8.9128	9.0725	7.9567
- EGC in effect for month	\$/Mcf	8.910	8.910	8.910
= Difference [(over-)/Under-Recovery]	\$/Mcf	.0028	.1625	(.9533)
x Actual sales during month	Mcf	12,750	15,715	20,435
= Monthly cost difference	\$	35.70	2,553.69	(19,480.69)
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	(16,981.30)
÷ Sales for 12 months ended <u>October 31, 2006</u>			Mcf	104,988
<u>Actual Adjustment for the Reporting Period (to Schedule IC.)</u>			\$/Mcf	(.1617)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended _____ (reporting period) _____

	<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1)	Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR	\$	
	Less: Dollar amount resulting from the AA of _____ \$/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 _____ Mcf during the 12-month period the AA was in effect.	\$	
	Equals: Balance Adjustment for the AA.	\$	_____
(2)	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.		
	Less: Dollar amount resulting from the RA of _____ \$/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 _____ Mcf during the 12-month period the RA was in effect.	\$	
	Equals: Balance Adjustment for the RA	\$	_____
(3)	Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR	\$	
	Less: Dollar amount resulting from the BA of _____ \$/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 _____ Mcf during the 12-month period the BA was in effect.	\$	
	Equals: Balance Adjustment for the BA.	\$	_____
	Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
÷	Sales for 12 months ended _____	Mcf	_____
=	Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	

FOR Entire Service Area
Community, Town or City
 P.S.C. KY. NO. 1
 41th Revised SHEET NO. 1
 CANCELLING P.S.C. KY. NO. _____
 40th Revised SHEET NO. 1

Public Gas Company
 (Name of Utility)

RATES AND CHARGES

Applies to: All Customers

Rate, Monthly:

			Base Rate	Gas Cost	Rate per Unit (Mcf)
First	0 to 1 Mcf	Minimum Bill	3.2705	8.7096	11.9801
All Over	1 Mcf		2.1505	8.7096	10.8601

DATE OF ISSUE March 29, 2007
Month / Date / Year

DATE EFFECTIVE May 1, 2007
Month / Date / Year

ISSUED BY Bert R. Layne
(Signature of Officer)

TITLE Treasurer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
 IN CASE NO. _____ DATED _____

Public Gas Co.
P. O. Box 24032
Lexington, KY 40524-4032

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Ms. Beth O'Donnell
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211 Sower Blvd
P. O. Box 615
Frankfort, KY 40602-0615

