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2008-231

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PUBLIC SERVICE
COMMISSION

June 18, 2008

Ms. Stephanie Stumbo
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 42602

RE: Case # Gas Cost Adjustment Report

Dear Ms. Stumbo:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, August 1, 2008 to October 31, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard". The signature is fluid and cursive, written over a white background.

Gary K. Dillard
President

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: 1-Jul-08

Date Rates to be Effective: August 1, 2008 TO October 31,

Reporting Period is Calendar Quarter Ended:

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SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 12.5101
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	1.4456
+ Balance Adjustment (BA)	\$/Mcf	<u>0.0388</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 13.9946

GCR to be effective for service rendered from: **08-01-08 TO 10-31-08**

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	1,325,386.20
+ Sales for the 12 months ended 4/30/2008	Mcf	<u>105,944.90</u>
- Expected Gas Cost (EGC)	\$/Mcf	12.5101

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	\$ 0.5300
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.3616
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.1857
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ 0.3683</u>
= Actual Adjustment (AA)	\$/Mcf	\$ 1.4456

D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ 0.0319
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0013
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0072
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ (0.0016)</u>
= Balance Adjustment (BA)	\$/Mcf	\$ 0.0388

**SCHEDULE II
EXPECTED GAS COST**

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Actual* Mcf Purchase for 12 months ended

04/30/08

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) <u>Heat Rate</u>	(4) <u>Mcf</u>	(5) <u>Rate</u>	(6) <u>(4) x (5) Cost</u>
May-07 Atmos Energy Marketing	8,012.00	1.034	7,748.55	12.818	99,320.91
Jun-07 Atmos Energy Marketing	7,188.00	1.034	6,951.64	12.818	89,106.12
Jul-07 Atmos Energy Marketing	7,071.00	1.034	6,838.49	12.818	87,655.76
Aug-07 Atmos Energy Marketing	6,471.00	1.034	6,258.22	12.818	80,217.86
Sep-07 Atmos Energy Marketing	6,333.00	1.034	6,124.76	12.818	78,507.17
Oct-07 Atmos Energy Marketing	8,152.00	1.034	7,883.95	12.818	101,056.47
Nov-07 Atmos Energy Marketing	9,279.00	1.034	8,973.89	12.818	115,027.32
Dec-07 Atmos Energy Marketing	10,737.00	1.034	10,383.95	12.818	133,101.47
Jan-08 Atmos Energy Marketing	11,935.00	1.034	11,542.55	12.818	147,952.41
Feb-08 Atmos Energy Marketing	11,814.00	1.034	11,425.53	12.818	146,452.44
Mar-08 Atmos Energy Marketing	10,912.00	1.034	10,553.19	12.818	135,270.79
Apr-08 Atmos Energy Marketing	9,012.00	1.034	8,715.67	12.818	111,717.46
Totals	106,916.00	1.034	103,400.39	12.818	1,325,386.20

Line losses are 103,400.39 Mcf and sales of 105,945 Mcf. -2.46% for 12 months ended 4/30/2008 based on purchases of

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 1,325,386.20
Expected Mcf Purchases (4)	Mcf	<u>103,400.39</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 12.818
Plus: <u>Expected Losses of</u> (not to exceed 5%)	Mcf	<u>1,325,386.20</u>
= Total Expected Gas Cost	\$	\$ 1,325,386.20
Allowable Sales (maximum losses of 5%).		\$1,325,386.20

*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 4/30/2008

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended __ 4/30/2008	Mcf	105,945
<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 4/30/2008

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Feb-08</u>	Month 2 <u>Mar-08</u>	Month 3 <u>Apr-08</u>
Total Supply Volumes Purchased	Mcf	11,425.53	10,553.19	8,715.67
Total Cost of Volumes Purchased	\$	\$ 116,271.67	\$ 109,001.26	\$ 90,793.34
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	<u>\$ 12,903.20</u>	<u>\$ 11,346.00</u>	<u>\$ 9,765.30</u>
= Unit Cost of Gas	\$/Mcf	\$ 9.0111	\$ 9.6070	\$ 9.2975
- EGC in effect for month	\$/Mcf	<u>\$ 7.6414</u>	<u>\$ 7.6414</u>	<u>\$ 7.6414</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ 1.3697	\$ 1.9656	\$ 1.6561
x Actual sales during month	Mcf	<u>12,903.20</u>	<u>11,346.00</u>	<u>9,765.30</u>
= Monthly cost difference	\$	17,673.16	22,301.94	16,172.78
		<u>Unit</u>	<u>Amount</u>	
Total cost difference (Month 1 + Month 2 + Month 3)	\$	\$ 56,147.87		
+ Sales for 12 months ended <u>4/30/2008</u>	Mcf	<u>105,945</u>		
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ 0.5300		

SCHEDULE V
BALANCE ADJUSTMENT

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For the 3 month period ended

4/30/2008

Line	Particulars	Unit	Amount
(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.	\$	(74,421.54) Case No. 2007-00127
1			
2 Less:	Dollars amount resulting from the AA of <u>(0.7344)</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 105,945 MCF during the 12 month period the AA was in effect.	\$	(77,805.93)
3			
4 Equals:	Balance Adjustment for the AA.	\$	3,384.39
(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.	\$	-
5			
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 105,945 MCF during the 12 month period the RA was in effect.	\$	-
7			
8 Equals:	Balance Adjustment for the RA.	\$	-
(3)	Total Balance Adjustment used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	-
9			
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 105,945 MCF during the 12 month period the BA was in effect.	\$	-
11			
12 Equals:	Balance Adjustment for the BA.	\$	-
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	3384.39
14 Divided By:	Sales for 12 months ended 4/30/2008	\$	105,945
15 Equals:	Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	0.0319