

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

CASE NO: 2008-00112

March 28, 2008

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

**RECEIVED**

MAR 28 2008

**PUBLIC SERVICE  
COMMISSION**

RE: Public Gas Company  
Case No.  
GCR Filing Proposed to Become  
Effective May 1, 2008

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, 2008. Also included are an original and five copies of 45th 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 \$11.0265 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost  
Recovery Rate Calculation

Date Filed: March 28, 2008

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Date Rates to be Effective: May 1, 2008

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Reporting Period is Calendar Quarter Ended: July 31, 2008

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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	10.6128
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	.4137
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		11.0265

GCR to be effective for service rendered from May 1, 2008 to July 31, 2008

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	.0687
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0384)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0012)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.3846
=	Actual Adjustment (AA)	\$/Mcf	.4137
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)	\$/Mcf	

SCHEDULE II  
EXPECTED GAS COST

Actual \* MCF Purchases for 12 months ended October 31, 2007

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Gas Purchases		Mcfs	Rate	Sales Mcfs	
11/30/06		13,017		12,750	
12/31/06		16,092		15,715	
01/31/07		20,953		20,435	
02/28/07		26,788		26,111	
03/31/07		12,050		11,774	
04/30/07		9,131		8,956	
05/31/07		3,744		3,647	
06/30/07		2,202		2,147	
07/31/07		2,254		2,187	
08/31/07		1,653		1,605	
09/30/07		1,900		1,863	
10/31/07		2,393		2,343	
Totals		<u>112,177</u>		<u>109,533</u>	

Line loss for 12 months ended October 31, 2007 is 2.35% based on purchases of 112,177 Mcf and sales of 109,533 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.

**\$10.6128 Per Attached Schedule**

Jefferson Gas, LLC

03/28/08

Expected gas price, May, June and July 2008.

Public Gas has asked for an estimate of their gas price for the months of May, June and July 2008.

	Gas price* to Public Gas
May 2008	10.29
June 2008	10.36
July 2008	10.44

\*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 28, 2008.

$$\begin{array}{r} 10 \cdot 2900 + \\ 10 \cdot 3600 + \\ 10 \cdot 4400 + \\ 31 \cdot 0900 * \\ \\ 31 \cdot 0900 \div \\ 3 \cdot 0000 = \\ 10 \cdot 3634 + \\ \\ 10 \cdot 3634 * \\ \\ 10 \cdot 3634 \div \\ 0 \cdot 9765 = \\ 10 \cdot 6128 + \\ \\ 10 \cdot 6128 * \end{array}$$

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	\$	
<hr/>		<hr/>
= Refund Adjustment including interest	\$	
÷ Sales for 12 months ended	Mcf	
<hr/>		<hr/>
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended January 31, 2008

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (Nov 07)</u>	<u>Month 2 (Dec 07)</u>	<u>Month 3 (Jan 08)</u>
Total Supply Volumes Purchased	Mcf	11,387	16,169	24,764
Total Cost of Volumes Purchased	\$	102,141.39	141,478.75	228,819.36
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	11,080	15,752	24,266
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= Unit Cost of Gas	\$/Mcf	9.2186	8.9817	9.4297
- EGC in effect for month	\$/Mcf	9.0987	9.0987	9.0987
<hr/>				
= Difference [(over-)/Under-Recovery]	\$/Mcf	.1199	(.1170)	.3310
x Actual sales during month	Mcf	11,080	15,752	24,266
<hr/>				
= Monthly cost difference	\$	1,328.49	(1,842.98)	8,032.05
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	7,517.56
÷ Sales for 12 months ended <u>October 31, 2007</u>			Mcf	109,533
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Actual Adjustment for the Reporting Period (to Schedule IC.)			\$/Mcf	.0687

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	\$	
	<b>Less:</b> 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.	\$	
	<b>Equals:</b> 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.		
	<b>Less:</b> 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.	\$	
	<b>Equals:</b> 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	\$	
	<b>Less:</b> 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.	\$	
	<b>Equals:</b> 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	

Entire Service Area  
 FOR \_\_\_\_\_  
 Community, Town or City  
 1  
 P.S.C. KY. NO. \_\_\_\_\_  
 45th Revised SHEET NO. 1  
 \_\_\_\_\_  
 CANCELLING P.S.C. KY. NO. \_\_\_\_\_  
 44th 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	11.0265	14.2970
All Over	1 Mcf		2.1505	11.0265	13.1770

DATE OF ISSUE March 28, 2008  
Month / Date / Year  
 DATE EFFECTIVE May 1, 2008  
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 \_\_\_\_\_