

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

September 26, 2008

Ms. Stephanie Stumbo
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED

SEP 29 2008

PUBLIC SERVICE
COMMISSION

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

Dear Ms. Stumbo:

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective November 1, 2008. Also included are an original and five copies of 47th 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 \$10.2581 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: September 26, 2008

Date Rates to be Effective: November 1, 2008

Reporting Period is Calendar Quarter Ended: January 31, 2009

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

| <u>Component</u> | <u>Unit</u> | <u>Amount</u> |
|--|-------------|---------------------|
| Expected Gas Cost (EGC) | \$/Mcf | 9.7321 |
| + Refund Adjustment (RA) | \$/Mcf | |
| + Actual Adjustment (AA) | \$/Mcf | .5260 |
| + Balance Adjustment (BA) | \$/Mcf | |
| = Gas Cost Recovery Rate (GCR) | | 10.2581 |
| GCR to be effective for service rendered from November 1, 2008 | | to January 31, 2009 |
| <hr/> | | |
| 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 | .0729 |
| + Previous Quarter Reported Actual Adjustment | \$/Mcf | .4228 |
| + Second Previous Quarter Reported Actual Adjustment | \$/Mcf | .0687 |
| + Third Previous Quarter Reported Actual Adjustment | \$/Mcf | (.0384) |
| = Actual Adjustment (AA) | \$/Mcf | .5260 |
| | | |
| 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 April 30, 2008

| (1) Supplier | (2) Dth | (3) BTU Conversion Factor | (4) Mcf | (5)** Rate | (6) (4) X (5) Cost |
|-----------------|------------|---------------------------------|------------|---------------|--------------------------|
| Month | | Purchases Mcfs | | Rate | Sales Mcfs |
| 05/31/07 | | 3,744 | | 9.7321 | 3,647 |
| 06/30/07 | | 2,202 | | 9.7321 | 2,147 |
| 07/31/07 | | 2,254 | | 9.7321 | 2,187 |
| 08/31/07 | | 1,653 | | 9.7321 | 1,605 |
| 09/30/07 | | 1,900 | | 9.7321 | 1,863 |
| 10/31/07 | | 2,393 | | 9.7321 | 2,343 |
| 11/30/07 | | 11,387 | | 9.7321 | 11,080 |
| 12/31/07 | | 16,169 | | 9.7321 | 15,752 |
| 01/31/08 | | 24,764 | | 9.7321 | 24,266 |
| 02/29/08 | | 20,162 | | 9.7321 | 19,581 |
| 03/31/08 | | 16,692 | | 9.7321 | 16,341 |
| 04/30/08 | | 7,983 | | 9.7321 | 7,798 |
| Totals | | <u>111,303</u> | | | <u>108,610</u> |

Line loss for 12 months ended April 30, 2008 is 2.42% based on purchases of 111,303 Mcf and sales of 108,610 Mcf.

| | <u>Unit</u> | <u>Amount</u> |
|---|-------------|---------------|
| 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.

\$9.7321 Per Attached Schedule

Jefferson Gas, LLC

09/24/08

Expected gas price, November, December and January 2009.

Public Gas has asked for an estimate of their gas price for the months of November, December & January 2009.

| | Gas price* to Public Gas |
|---------------|--------------------------------|
| November 2008 | 9.27 |
| December 2008 | 9.53 |
| January 2009 | 9.69 |

*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 September 24, 2008.

9.2700 +
9.5300 +
9.6900 +
28.4900 *

28.4900 ÷
3.0000 =
9.4966 +

9.4966 *

9.4966 ÷
0.9758 =
9.7321 +

9.7321 *

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 July 31, 2008

| <u>Particulars</u> | <u>Unit</u> | <u>Month 1 (May 08)</u> | <u>Month 2 (Jun 08)</u> | <u>Month 3 (Jul 08)</u> |
|---|-------------|-----------------------------|-----------------------------|-----------------------------|
| Total Supply Volumes Purchased | Mcf | 4,198 | 2,066 | 1,819 |
| Total Cost of Volumes Purchased | \$ | 46,891.66 | 23,697.02 | 20,973.07 |
| ÷ Total Sales (may not be less than 95% of supply volumes) | Mcf | 4,100 | 2,006 | 1,775 |
| <hr/> | | | | |
| = Unit Cost of Gas | \$/Mcf | 11.4369 | 11.8130 | 11.8158 |
| - EGC in effect for month | \$/Mcf | 10.6128 | 10.6128 | 10.6128 |
| <hr/> | | | | |
| = Difference [(over-)/Under-Recovery] | \$/Mcf | .8241 | 1.2002 | 1.2030 |
| x Actual sales during month | Mcf | 4,100 | 2,006 | 1,775 |
| <hr/> | | | | |
| = Monthly cost difference | \$ | 3,378.81 | 2,407.60 | 2,135.33 |
| | | | <u>Unit</u> | <u>Amount</u> |
| Total cost difference (Month 1 + Month 2 + Month 3) | | | \$ | 7,921.74 |
| ÷ Sales for 12 months ended <u>April 30, 2008</u> | | | Mcf | 108,610 |
| <hr/> | | | | |
| Actual Adjustment for the Reporting Period (to Schedule IC.) | | | \$/Mcf | .0729 |

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

1

P.S.C. KY. NO. _____

47th Revised

SHEET NO. 1

Public Gas Company

1

CANCELLING P.S.C. KY. NO. _____

(Name of Utility)

46th Revised

SHEET NO. 1

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 | 10.2581 | 13.5286 |
| All Over | 1 Mcf | | 2.1505 | 10.2581 | 12.4086 |

DATE OF ISSUE September 26, 2008

Month / Date / Year

DATE EFFECTIVE November 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 _____

Public Gas Company
220 Lexington Green Circle, Suite #130
Lexington, KY 40503

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SEP 29 2008
PUBLIC SERVICE
COMMISSION

Ms. Stephanie Stumbo
Executive Director
Public Service Commission
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Frankfort, KY 40602-0615