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September 1, 2016

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SEP 2 2016

Public Service
Commission

Mr. Jeff Derouen, Executive Director
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 40602

RE: Case # Gas Cost Adjustment Report

Dear Mr. Derouen:

The following document is Millennium Energy's Gas Cost Adjustment Report for the quarter of October 1, 2016 to December 31, 2016.

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa Watson", is written over a light blue circular stamp.

Melissa Watson
Operations Manager

**QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION**

Date Filed: **1-Sep-16**

Date Rates to be Effective: **October 1, 2016 To December 31, 2016**

Reporting Period is Calendar Quarter Ended: **May 1, 2016 To July 31, 2016**

**SCHEDULE I
GAS COST RECOVERY RATE SUMMARY**

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	3.3085
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	(0.4746)
+ Balance Adjustment (BA)	\$/Mcf	(0.0017)
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>2.8322</u>

GCR to be effective for service rendered from: **10-01-16 To 12-31-16**

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	387,550.89
+ Sales for the 12 months ended 7/31/2016	Mcf	117,137.07
<u>- Expected Gas Cost (EGC)</u>	\$/Mcf	<u>3.3085</u>

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>= Refund Adjustment (RA)</u>	\$/Mcf	<u>\$ -</u>

C. <u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$ (0.0240)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.1730)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.1900)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0876)
<u>=Actual Adjustment (AA)</u>	\$/Mcf	<u>\$ (0.4746)</u>

D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ 0.001330
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.002946)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.001116
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.001230)
<u>=Balance Adjustment (BA)</u>	\$/Mcf	<u>\$ (0.0017)</u>

SCHEDULE II
EXPECTED GAS COST

Appendix B
Page 3

Actual* Mcf Purchase for 12 months ended

07/31/16

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Heat <u>Rate</u>	(4) <u>Mcf</u>	(5) <u>Rate</u>	(6) (2) x (5) <u>Cost</u>
Aug-15 Utility Gas Management	7,919.00	1.0617	7,459.00	3.0900	24,469.71
Sep-15 Utility Gas Management	8,254.00	1.0628	7,766.00	3.0900	25,504.86
Oct-15 Utility Gas Management	9,371.00	1.0668	8,784.00	3.0900	28,956.39
Nov-15 Utility Gas Management	9,844.00	1.0762	9,147.00	3.0900	30,417.96
Dec-15 Utility Gas Management	11,290.00	1.0765	10,488.00	3.0900	34,886.10
Jan-16 Utility Gas Management	15,949.00	1.0665	14,955.00	3.0900	49,282.41
Feb-16 Utility Gas Management	14,095.00	1.0713	13,157.00	3.0900	43,553.55
Mar-16 Utility Gas Management	12,034.00	1.0742	11,203.00	3.0900	37,185.06
Apr-16 Utility Gas Management	10,615.00	1.0682	9,937.00	3.0900	32,800.35
May-16 Utility Gas Management	9,566.00	1.0651	8,981.00	3.0900	29,558.94
Jun-16 Utility Gas Management	8,612.00	1.0451	8,240.00	3.0900	26,611.08
Jul-16 Utility Gas Management	<u>7,872.00</u>	<u>1.0639</u>	<u>7,399.00</u>	<u>3.0900</u>	<u>24,324.48</u>
Totals	125,421.00	1.0673	117,515.99	3.0900	387,550.89

Line losses are 0.32% for 12 months ended 7/31/2016 based on purchases of
117,515.99 Mcf and sales of 117,137.07 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 387,550.89
Expected Mcf Purchases (4)	Mcf	<u>117,515.99</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 3.2979
Plus: Expected Losses of (not to exceed 5%)	Mcf	387,550.89
= Total Expected Gas Cost	\$	\$ 387,550.89
Allowable Sales (maximum losses of 5%).		387,550.89

*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 7/31/2016

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended <u>7/31/2016</u>	Mcf	<u>117,137</u>
<hr/>		
=Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	\$ -

SCHEDULE IV
ACTUAL ADJUSTMENT

Appendix B
Page 5

For the 3 month period ended 7/31/2016

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>May-16</u>	Month 2 <u>Jun-16</u>	Month 3 <u>Jul-16</u>
Total Supply Volumes Purchased	Mcf	8,981.00	8,240.00	7,399.00
Utility Gas Management				
Total Cost of Volumes Purchased	\$	\$ 20,207.31	\$ 18,527.17	\$ 23,324.92
 Total Sales	 Mcf	 <u>8,717.10</u>	 <u>7,889.70</u>	 <u>7,669.20</u>
(may not be less than 95% of supply volumes) (G8*0.95)				
<hr/> = Unit Cost of Gas	\$/Mcf	\$ 2.3181	\$ 2.3483	\$ 3.0414
 - EGC in effect for month	 \$/Mcf	 <u>\$ 2.5867</u>	 <u>\$ 2.5867</u>	 <u>\$ 2.8572</u>
<hr/> = Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ (0.2686)	\$ (0.2384)	\$ 0.1842
 x Actual sales during month	 Mcf	 <u>8,717.10</u>	 <u>7,889.70</u>	 <u>7,669.20</u>
<hr/> = Monthly cost difference	\$	(2,341.21)	(1,881.12)	1,412.48
		<u>Unit</u>	<u>Amount</u>	
Total cost difference (Month 1 + Month 2 + Month 3)	\$		\$ (2,809.85)	
+ Sales for 12 months ended <u>7/31/2016</u>	Mcf		<u>117,137</u>	
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf		\$ (0.0240)	

SCHEDULE V
BALANCE ADJUSTMENT

Appendix B
Page 6

For the 3 month period ended 7/31/2016

Line	Particulars	Unit	Amount
	Utility Gas Management		
(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.		
1		\$	<u>(11,288.45)</u> Case No. 2015-00165
2 Less:	Dollars amount resulting from the AA of (0.0977) \$/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 117,137 MCF during the 12 month period the AA was in effect.		
3		\$	<u>(11,444.29)</u>
4 Equals:	Balance Adjustment for the AA.	\$	<u>155.84</u>
(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		\$	<u>-</u>
6 Less:	Dollar amount resulting from the RA of - \$/MCF as used to compute the OCR in effect four quarters prior to the effective GCR times the sales of 117,137 MCF during the 12 month period the RA was in effect.		
7		\$	<u>-</u>
8 Equals:	Balance Adjustment for the RA.	\$	<u>-</u>
(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		\$	<u>-</u>
10 Less:	Dollar amount resulting from the BA of - \$/MCF four quarters prior to the effective date of the currently effective GCR times the sales of 117,137 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>155.84</u>
14 Divided By:	Sales for 12 months ended 7/31/2016	\$	<u>117,137</u>
15 Equals:	Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>0.001330</u>

FOR ENTIRE AREA SERVED
P.S.C. KY. NO.
1st SHEET NO. 7
Canceling P.S.C. KY NO.
SHEET NO.

Millennium Energy, Inc.
RULES AND REGULATIONS

Gas Cost Adjustment Clause

The rates authorized herein are based upon the wholesale cost of gas to Millennium Energy, inc. as computed using rates of its wholesale suppliers currently in effect. In the event there is an increase or decrease in wholesale gas cost Millennium shall file with this Commission the following information within 30 days:

1. A copy of the contract or wholesale supplier notification effecting the change in rate and a statement relative to the effective rate of such proposed change.
2. A statement setting out gas sales for the most recent 12 months.
3. A statement setting out the details of gas purchased for the most recent 12 months showing billing from the supplier(s) under the most recent rate(s) and under the proposed supplier rate. The difference between the amounts so determined shall be divided by Millennium's sales for the most recent 12 months, provided Millennium's line loss for the same 12 month period does not exceed 5%. If line loss exceeds 5%, the difference shall be divided by allowable sales calculated as (purchases x .95).
4. A signed and dated tariff sheet showing Millennium's proposed rates for service based on the change in supplier rate. An increase in rates shall not be effective with less than 30 days notice unless a waiver is requested and granted.
5. Such other information as this Commission may request for a proper determination of the purchased gas adjustment.

In the event that Millennium receives from its supplier a refund, bill adjustment or credit of amounts paid to such supplier in respect of a prior period, Millennium will apply to the Commission within 30 days for authority to make adjustments on the rates charged to its customers under this provision as follows:

1. The "refundable amount" shall be the amount received by Millennium as a refund. Each refundable amount shall be divided by the Mcfs of gas that Millennium estimates it will sell to its customers during the four month period commencing with the first day of the month following receipt of the refunds, thus determining a "refund adjustment"

DATE OF ISSUE Sept 1, 2016 DATE EFFECTIVE October 1, 2016
MONTH DAY YEAR
SIGNED BY: [Signature] Manager
NAME OF OFFICER TITLE ADDRESS

FOR ENTIRE AREA SERVED
P.S.C. KY. NO. 1
1st SHEET NO. 8
Canceling P.S.C. KY NO. _____
SHEET NO. _____

Millennium Energy, Inc.
RULES AND REGULATIONS

2. Upon commission approval, Millennium will reduce by the calculated factor any purchased gas adjustment that would otherwise be applicable during such period.
3. In the event of any large or unusual refund, Millennium may apply to the commission for the right to depart from the refund procedure herein set forth.
4. If the cause for the usage deviation cannot be determined from analysis of the customer's meter reading and billing records, the Company will contact the customer by telephone or in writing to determine whether there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume, or known leaks in the customer's service line.
5. Where the deviation is not otherwise explained, the Company will test the customer's meter to determine whether it shows an average error greater than 2 percent fast or slow.
6. The Company will notify the customers of the investigation, its findings, and any refunds or back billing in accordance with 807 KAR 5:006, Section 10 (4) and (5).

In addition to the annual monitoring, the Company will immediately investigate usage deviations brought to its attention as a result of its on going meter reading or billing processes or customer inquiry.

Upon receipt of the required information, the Commission shall review the proposed increase, reduction, or refund and, within 30 days from receipt of the information required, issue its Order setting out the proper revised rates or otherwise acting to investigate or suspend the proposed rates.

DATE OF ISSUE Sept 1, 2016 DATE EFFECTIVE Oct 31, 2016
MONTH DAY YEAR

SIGNED BY: [Signature] Manager
NAME OF OFFICER TITLE ADDRESS

MILLENNIUM ENERGY
Purchased Gas Adjustment Calculation [1]

Line No	Wholesale Supplier	Purchased Gas (@ Delivery Point)					
		Month	Amount (\$)	Quantity (decatherms)	Heat Rate (dt/mcF)	Quantity (mcF)	Avg. Rate (\$/mcF)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Utility Gas Management	Aug-15	24,244.67	7,919.00	1.0617	7,459.00	3.25
2	Utility Gas Management	Sep-15	24,292.10	8,254.00	1.0628	7,766.00	3.13
3	Utility Gas Management	Oct-15	26,650.93	9,371.00	1.0668	8,784.00	3.03
4	Utility Gas Management	Nov-15	25,097.29	9,844.00	1.0762	9,147.00	2.74
5	Utility Gas Management	Dec-15	30,570.47	11,290.00	1.0765	10,488.00	2.91
6	Utility Gas Management	Jan-16	43,213.93	15,949.00	1.0665	14,955.00	2.89
7	Utility Gas Management	Feb-16	35,838.49	14,095.00	1.0713	13,157.00	2.72
8	Utility Gas Management	Mar-16	24,071.79	12,034.00	1.0742	11,203.00	2.15
9	Utility Gas Management	Apr-16	21,905.90	10,615.00	1.0682	9,937.00	2.20
10	Utility Gas Management	May-16	20,207.31	9,566.00	1.0651	8,981.00	2.25
11	Utility Gas Management	Jun-16	18,527.17	8,612.00	1.0451	8,240.00	2.25
12	Utility Gas Management	Jul-16	23,324.92	7,872.00	1.0639	7,399.00	3.15
	Total		317,944.97	125,421.00	1.0673	117,515.99	2.71

[1] Losses are based on a 12-month moving average.

MILLENNIUM ENERGY
Purchased Gas Adjustment Calculation [1]

Wholesale Supplier	Monthly Gas Sales			12-Months Gas Totals			Recovery Rate	
	Quantity	Losses	Avg. Rate	Purchases	Sales	Losses	Cost	Rate
(a)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
Utility Gas Management	7,628.30	-2.27%	3.18	7,459.00	7,628	-2.27%	24,245	3.18
Utility Gas Management	7,680.80	1.10%	3.16	15,225.00	15,309	-0.55%	48,537	3.17
Utility Gas Management	8,753.90	0.34%	3.04	24,009.00	24,063	-0.22%	75,188	3.12
Utility Gas Management	8,798.07	3.81%	2.85	33,156.00	32,861	0.89%	100,285	3.05
Utility Gas Management	11,539.60	-10.03%	2.65	43,644.01	44,401	-1.73%	130,855	2.95
Utility Gas Management	14,433.30	3.49%	2.99	58,599.01	58,834	-0.40%	174,069	2.96
Utility Gas Management	13,066.70	0.69%	2.74	71,756.00	71,901	-0.20%	209,908	2.92
Utility Gas Management	10,680.80	4.66%	2.25	82,959.00	82,581	0.46%	233,980	2.83
Utility Gas Management	10,279.60	-3.45%	2.13	92,896.00	92,861	0.04%	255,886	2.76
Utility Gas Management	8,717.10	2.94%	2.32	101,876.99	101,578	0.29%	276,093	2.72
Utility Gas Management	7,889.70	4.25%	2.35	110,116.99	109,468	0.59%	294,620	2.69
Utility Gas Management	7,669.20	-3.65%	3.04	117,515.99	117,137	0.32%	317,945	2.71
Total	117,137.07	0.32%	2.71	117,515.99	117,137.07	0.32%	317,945	2.71

[1] Losses are based on :

Meador, Wendy

From: Ron Ragan <ron@utilitygas.com>
Sent: Wednesday, August 17, 2016 2:24 PM
To: Meador, Wendy
Subject: Re: nymex futures

\$2.60
\$2.80
\$3.00

2.60
2.80
3.00

Ron Ragan
Utility Gas Management
Ron@utilitygas.com
(913) 515-2994

On Aug 17, 2016, at 3:22 PM, Meador, Wendy <wendym@wrecc.com> wrote: $8.40 \div 3 = 2.80$

Ron

I am working on the next GCA for the KY PSC. This will be for the quarter of October, November & December 2016. I need the estimated Nymex futures please.

Thanks

Wendy Meador
Customer Service Supervisor
Franklin Office
698 Morgantown Rd
Franklin KY 42134
wendym@wrecc.com
Office Phone: 270-586-3443, Ext. 3004
Fax: 270-393-2615

2.80 average
.08 mgmt fee
.210 transport fee
\$3.09
Fees charged to us by our supplier

<image001.png>

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