

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT)	
FILING OF MILLENNIUM ENERGY, INC.)	CASE NO. 99-312-A

ORDER

On December 2, 1999, the Commission issued its Order in Case No. 99-312 approving the original rates of Millennium Energy, Inc. ("Millennium") and providing under certain conditions for the further adjustment of such rates in accordance with the provisions of Millennium's gas cost adjustment ("GCA") Clause.

On January 18, 2001, Millennium filed its first GCA to be effective January 1, 2001 through April 1, 2001, requesting a waiver of the 30-day notice requirement. Millennium's GCA also included a change in its GCA Clause which would allow Millennium to file a GCA in the event there is an increase or decrease in wholesale gas cost.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Millennium's notice proposed rates to pass on its expected gas costs to its customers. Millennium's proposed expected gas cost ("EGC") is \$5.494 per Mcf. Millennium incorrectly calculated its total EGC on Schedule II, using a historical rather than a projected gas cost from its supplier, Woodward Marketing. Millennium provided additional information that Woodward will charge Millennium \$5.48 per Mcf through April 2001. Correcting for this produces an EGC of \$5.4872 per Mcf.

2. Millennium's notice set out no refund adjustment.

3. Millennium's notice set out an actual adjustment ("AA") of 6.25 cents per Mcf to collect under-recovered gas costs from September, October and November 2000. Since Millennium has not filed a GCA prior to this filing, the total AA is also 6.25 cents per Mcf.

4. Millennium's notice set out no balance adjustment.

5. These combined adjustments produce a gas cost adjustment of \$5.5497 per Mcf.

6. The revised rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after February 17, 2001. Millennium requested a waiver of the Commission's 30-day notice requirement, requesting an effective date of January 1, 2001. While KRS 278.180(1) does not allow the Commission to approve rates retroactively, it does allow the Commission to shorten the notice period based upon a showing of good cause. However, Millennium's notice provided no reason for its request to waive the 30-day notice requirement.

7. Millennium requested a change in its GCA Clause to allow it to file a GCA when there is an increase or decrease in its wholesale gas costs. We find that Millennium's GCA Clause should be revised but, due to conditions in today's natural gas markets, Millennium should file GCAs on a quarterly basis rather than an as-needed basis.

IT IS THEREFORE ORDERED that:

1. Millennium's proposed rates are denied.

2. Millennium's tariff shall require it to file a GCA quarterly.
3. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after February 17, 2001.
4. Within 30 days of the date of this Order, Millennium shall file with this Commission its revised tariffs setting out the rates and GCA provisions authorized herein.

Done at Frankfort, Kentucky, this 13th day of February, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-312-A DATED FEBRUARY 13, 2001

The following rates and charges are prescribed for the customers served by Millennium Energy, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Residential

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge	\$6.00		\$6.00
All Mcf	\$4.00	\$5.5497	\$9.5497

Commercial and Industrial

Customer Charge	\$20.00		\$20.00
All Mcf	\$ 3.00	\$5.5497	\$ 8.5497