

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

RECEIVED
MAR 31 2004
PUBLIC SERVICE
COMMISSION

March 29, 2004

Mr. Thomas Dorman
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

Case 2004-00120

RE: Public Gas Company
Case No.
GCR Filing Proposed to Become
Effective May 1, 2004

Dear Mr. Dorman:

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective May 1, 2004. Also included are an original and five copies of 28th revised sheet No. 1 of Public's PSC Kentucky No. 1 Tariff, which are being filed pursuant to the Purchased Gas Adjustment provision of that Tariff.

This filing proposes a GCR rate of \$7.7443 per MCF of sales.

Sincerely,



Bert R. Layne

| Public Gas Company

Quarterly Report of Gas Cost
Recovery Rate Calculation

| Date Filed: March 29, 2004

| Date Rates to be Effective: May 1, 2004

| Reporting Period is Calendar Quarter Ended: July 31, 2004

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	<u>7.3262</u>
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	<u>.4181</u>
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		<u>7.7443</u>
GCR to be effective for service rendered from May 1, 2004	to	July31,2004

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	<u>.3166</u>
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>(.0234)</u>
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>(.0136)</u>
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>.1385</u>
=	Actual Adjustment (AA)	\$/Mcf	<u>.4181</u>

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, 2003

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
<u>Gas Purch</u>			<u>MCF</u>		<u>SALES MCF</u>
<u>November 02</u>			<u>20,200</u>	<u>6.45</u>	<u>20,131</u>
<u>December 02</u>			<u>23,665</u>	<u>6.05</u>	<u>23,423</u>
<u>January 03</u>			<u>29,967</u>	<u>7.24</u>	<u>28,976</u>
<u>February 03</u>			<u>24,980</u>	<u>7.10</u>	<u>24,512</u>
<u>March 03</u>			<u>14,401</u>	<u>7.55</u>	<u>14,186</u>
<u>April 03</u>			<u>8,633</u>	<u>7.28</u>	<u>8,543</u>
<u>May 03</u>			<u>3,618</u>	<u>6.77</u>	<u>3,563</u>
<u>Jun 03</u>			<u>2,827</u>	<u>7.19</u>	<u>2,771</u>
<u>July 03</u>			<u>2,663</u>	<u>6.88</u>	<u>2,617</u>
<u>August 03</u>			<u>2,235</u>	<u>6.66</u>	<u>2,200</u>
<u>Sept 03</u>			<u>2,845</u>	<u>6.44</u>	<u>2,819</u>
<u>October 03</u>			<u>6,454</u>	<u>6.56</u>	<u>6,269</u>
			<u>142,488</u>		<u>140,010</u>

Totals

Line loss for 12 months ended October, 2003 is 1.74% based on purchases of
142,488 Mcf and sales of 140,010 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.

Per Attached Schedule \$7.3262

Jefferson Gas, LLC

March 31, 2004

Expected gas price, May 2004, June 2004, July 2004

Public Gas has asked for an estimate of their gas price for the months of
May 2004, June 2004, July 2004

	Gas price * to Public Gas
May	7.1508
June	7.2036
July	7.242

* Jefferson Gas purchases gas from various producers based on the NYMEX futures price. This index changes daily, and has been somewhat volatile in recent months. 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 26, 2004.

7.1508 +
7.2036 +
7.2420 +
21.5964 *

21.5964 ÷
3.0000 =
7.1988 +

7.1988 ÷
0.9826 =
7.3262 +

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

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended

January 31, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(Nov03)</u>	<u>Month 2</u> <u>(Dec03)</u>	<u>Month 3</u> <u>(Jan04)</u>
Total Supply Volumes Purchased	Mcf	<u>13,631</u>	<u>20,708</u>	<u>28,601</u>
Total Cost of Volumes Purchased	\$	<u>97,260.03</u>	<u>144,151.37</u>	<u>242,195.02</u>
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	<u>13,503</u>	<u>20,293</u>	<u>28,047</u>
= Unit Cost of Gas	\$/Mcf	<u>7.2028</u>	<u>7.1035</u>	<u>8.6353</u>
- EGC in effect for month	\$/Mcf	<u>7.103</u>	<u>7.103</u>	<u>7.103</u>
= Difference [(over-)/Under-Recovery]	\$/Mcf	<u>.0998</u>	<u>.0005</u>	<u>1.5323</u>
x Actual sales during month	Mcf	<u>13,503</u>	<u>20,293</u>	<u>28,047</u>
= Monthly cost difference	\$	<u>1,348.22</u>	<u>10.19</u>	<u>42,977.18</u>
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	<u>44,335.59</u>
÷ Sales for 12 months ended			Mcf	<u>140,010</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)			\$/Mcf	<u>.3166</u>

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	_____

Entire Service Area

FOR _____
Community, Town or City

P.S.C. KY. NO. _____ **1**

28th Revised SHEET NO. _____ **1**

CANCELLING P.S.C. KY. NO. _____ **1**

27th Revised SHEET NO. _____ **1**

Public Gas Company

(Name of Utility)

CONTENTS

Applies to: All customers

Rates, Monthly:

			Base rate	Gas cost	Rate per unit (Mcf)
First	0 to 1 Mcf	Minimum bill	3.2705	7.7443	11.0148
All over	1 Mcf		2.1505	7.7443	9.8948

DATE OF ISSUE **March 29, 2004**

Month / Date / Year

DATE EFFECTIVE **May 1, 2004**

Month / Date / Year

ISSUED BY **Bert R. Layne**

(Signature of Officer)

TITLE **CPA**

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____