

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

RECEIVED

JUN 29 2004

PUBLIC SERVICE
COMMISSION

June 29, 2004

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

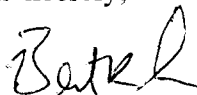
RE: Public Gas Company
Case No. 2004-00265
GCR Filing Proposed to Become
Effective August 1, 2004

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 August 1, 2004. Also included are an original and five copies of 29th 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 \$8.2230 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: June 29, 2004

Date Rates to be Effective: August 1, 2004

Reporting Period is Calendar Quarter Ended: October 31, 2004

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	8.0289
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	.1941
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		8.2230
GCR to be effective for service rendered from August 1, 2004		to Oct. 31, 2004
<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	(.0969)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.3166
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0120)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0136)
= Actual Adjustment (AA)	\$/Mcf	.1941
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 January 31, 2004

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
<u>Gas Purch</u>			MCF		SALES MCF
February 03			24,980	8.0289	24,512
March 03			14,401	8.0289	14,186
April 03			8,633	8.0289	8,543
May 03			3,618	8.0289	3,563
June 03			2,827	8.0289	2,771
July 03			2,663	8.0289	2,617
August 03			2,235	8.0289	2,200
Sept 03			2,845	8.0289	2,819
October 03			6,454	8.0289	6,269
November 03			13,631	8.0289	13,503
December 03			20,708	8.0289	20,293
January 04			28,601	8.0289	28,047
			131,596		129,323

Totals

Line loss for 12 months ended January 2004 is 1.73 % based on purchases of
131,596 Mcf and sales of 129,323 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 \$8.0289

Jefferson Gas, LLC

June 29, 2004

Expected gas price, August 2004, September 2004, and October 2004

Public Gas has asked for an estimate of their gas price for the months of August, September, and October 2004.

	Gas price* to Public Gas
August	7.88
September	7.89
October	7.90

*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 June 21, 2004.

	7.8800 +
	7.8900 +
	7.9000 +
	25.6700 *
	25.6700 ÷
	3.0000 =
	7.8900 +
	7.8900 *
	7.8900 ÷
1.7310 L ₁₀₀	0.9827 =
2065	8.0289 +
	8.0289 *

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended (reporting period) April 30, 2004

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

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended April 30, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(Feb. 04)</u>	<u>Month 2</u> <u>(Mar 04)</u>	<u>Month 3</u> <u>(Apr 04)</u>
Total Supply Volumes Purchased	Mcf	19,284	15,317	9,002
Total Cost of Volumes Purchased	\$	150,974.44	109,302.11	64,247.27
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	18,668	15,156	8,997
= Unit Cost of Gas	\$/Mcf	8.0873	7.2118	7.1410
- EGC in effect for month	\$/Mcf	7.8711	7.8711	7.8711
= Difference [(over-)/Under-Recovery]	\$/Mcf	.2162	(.6593)	(.7301)
x Actual sales during month	Mcf	18,668	15,156	8,997
= Monthly cost difference	\$	4,036.02	(9,992.35)	(6,568.71)
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	(12,525.04)
÷ Sales for 12 months ended			Mcf	129,323
Actual Adjustment for the Reporting Period (to Schedule IC.)			\$/Mcf	(.0969)

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

P.S.C. KY. NO. 1

29TH REVISED SHEET NO. 1

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

28TH REVISED SHEET NO. 1

Public Gas Company
(Name of Utility)

RATES AND CHARGES

Applies to: All Customers

Rates, Monthly:

			Base Rate	Gas Cost	Rate per Unit (Mcf)
First	0 to 1 Mcf	Minimum Bill	3.2705	8.2230	11.4935
All Over	1 Mcf		2.1505	8.2230	10.3735

DATE OF ISSUE JUNE 29TH, 2004

Month / Date / Year

DATE EFFECTIVE AUGUST 1, 2004

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 _____