

Sigma Gas Corporation

P. O. Box 22
Salyersville, Kentucky 41465

RECEIVED
SEP 2 2004
PUBLIC SERVICE
COMMISSION

Estill Branham
Manager

(606)49-1505
(606)886-7075

AUGUST 31, 2004

Beth O'Donnell
Executive Director
Public Service Commission
PO Box 615
Frankfort, KY 40602

Case 2004-00350

Dear Ms. O'Donnell:

Enclosed is the Gas Cost Recovery for October 1, 2004 thru
December 31, 2004.

If you have any questions, please call at the above number,

Sincerely,


Kimberly Crisp

Sigma Gas Coy

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QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

August 31, 2004

Date Rates to be Effective:

October 1, 2004

Reporting Period is Calendar Quarter Ended:

June 30, 2004

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	7.9004
+ Refund Adjustment (RA)	\$/Mcf	(.4187)
+ Actual Adjustment (AA)	\$/Mcf	.019
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)	\$/Mcf	7.5007

GCR to be effective for service rendered from October to December.

<u>EXPECTED GAS COST CALCULATION</u>		<u>Unit</u>	<u>Amount</u>
A.	Total Expected Gas Cost (Schedule II)	\$	359652
	+ Sales for the 12 months ended <u>June 30, 2004</u>	Mcf	45523
	= Expected Gas Cost (EGC)	\$/Mcf	7.9004
<u>REFUND ADJUSTMENT CALCULATION</u>		<u>Unit</u>	<u>Amount</u>
B.	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	
	= Refund Adjustment (RA)	\$/Mcf	
<u>ACTUAL ADJUSTMENT CALCULATION</u>		<u>Unit</u>	<u>Amount</u>
C.	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.108)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.208
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.3572)
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1615)
	= Actual Adjustment (AA)	\$/Mcf	(.4187)
<u>BALANCE ADJUSTMENT CALCULATION</u>		<u>Unit</u>	<u>Amount</u>
D.	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	.023
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0023)
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	.0074
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0011)
	= Balance Adjustment (BA)	\$/Mcf	.019

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended June 30, 2004

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) <u>(4)x(5) Cost</u>
<u>Decker Rd Gas Co</u>			<u>47826</u>	<u>7.52</u>	<u>359652</u>
Totals			<u>47826</u>		<u>359652</u>

Line loss for 12 months ended June 30, 2004 is 4.8 % based on purchases of 47826 Mcf and sales of 45523 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	<u>359652</u>
+ Mcf Purchases (4)	Mcf	<u>47826</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	<u>7.52001</u>
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	<u>47826</u>
= Total Expected Gas Cost (to Schedule IA.)	\$	<u>359652</u>

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.
**Supplier's tariff sheets or notices are attached.

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended June 30, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(Apr)</u>	<u>Month 2</u> <u>(May)</u>	<u>Month 3</u> <u>(June)</u>
Total Supply Volumes Purchased	Mcf	3447	1202	1713
Total Cost of Volumes Purchased	\$	20826	10005	7454
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	3275	1142	1627
= Unit Cost of Gas	\$/Mcf	6.3591	8.7609	4.5814
- EGC in effect for month	\$/Mcf	7.7030	7.7030	7.7030
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(1.3439)	1.0579	(3.1216)
x Actual sales during month	Mcf	2919	1040	666
= Monthly cost difference	\$	(3923)	1100	(2079)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(4902)
÷ Sales for 12 months ended <u>June 30, 2004</u>	Mcf	45523
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.108)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended June 30, 2004

<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.	\$	24844
Less: Dollar amount resulting from the AA of <u>.5226</u> \$/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 <u>45523</u> Mcf during the 12-month period the AA was in effect.	\$	23790
Equals: Balance Adjustment for the AA.	\$	<u>1054</u>
(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.	\$	<u> </u>
(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.	\$	<u> </u>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	1054
+ Sales for 12 months ended <u>June 30, 2004</u>	Mcf	<u>45523</u>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>.023</u>

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Estill Branham
Manager

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	<u>Base Rate</u>	<u>Gas Cost recovery</u>	<u>total</u>
First MCF (Minimum Bill)	6.25	7.5007	13.7507
All over - first MCF	4.5522	7.5007	12.0529