Millennium Energy, Inc.

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Case 2004-00399

September 27, 2004

Ms. Beth O'Donnell
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 42602

RE: Case #   Gas Cost Adjustment Report

Dear Ms. O'Donnell:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, November 1, 2004- January 31, 2005.

Sincerely,

Gary K. Dillard
Executive Vice President

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: October 1, 2004

Date Rates to be Effective: November 1, 2004 TO January 31, 2005

Reporting Period is Calendar Quarter Ended:

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

Component	Unit	Amount
Expected Gas Cost (EGC)	$/Mcf	$ 6.4337
+ Refund Adjustment (RA)	$/Mcf	-
+ Actual Adjustment (AA)	$/Mcf	(0.0737)
+ Balance Adjustment (BA)	$/Mcf	(0.0610)
= Gas Cost Recovery Rate (GCR)	$/Mcf	$ 6.2990

GCR to be effective for service rendered from 11/1/04 to 1/31/05.

A. EXPECTED GAS COST CALCULATION	Unit	Amount
Total Expected Gas Cost (Schedule II)	$	$ 66,517.78
+ Sales for the 12 months ended 7/31/2004	Mcf	10,339
- Expected Gas Cost (EGC)	$/Mcf	6.43370

B. REFUND ADJUSTMENT CALCULATION	Unit	Amount
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	$ -

C. ACTUAL ADJUSTMENT CALCULATION	Unit	Amount	Expires
Actual Adjustment for the Reporting Period (Schedule IV)	$/Mcf	$ (0.1055)	
+ Previous Quarter Reported Actual Adjustment	$/Mcf	$ (0.2978)	
+ Second Previous Quarter Reported Actual Adjustment	$/Mcf	$ 0.1518	
+ Third Previous Quarter Reported Actual Adjustment	$/Mcf	$ 0.1778	
=Actual Adjustment (AA)	$/Mcf	$ (0.0737)	

D. BALANCE ADJUSTMENT CALCULATION	Unit	Amount	Expires
Balance Adjustment for the Reporting Period (Schedule V)	$/Mcf	$ (0.0484)	
+ Previous Quarter Reported Balance Adjustment	$/Mcf	$ (0.0537)	
+ Second Previous Quarter Reported Balance Adjustment	$/Mcf	$ (0.0083)	
+ Third Previous Quarter Reported Balance Adjustment	$/Mcf	$ 0.0494	
=Balance Adjustment (BA)	$/Mcf	$ (0.0610)	

Actual* Mcf Purchase for 12 months ended   07/31/04

	(1)	(2)	(3) Heat	(4)	(5)	(6) (4) x (5)
	Supplier	Dth	Rate	Mcf	Rate	Cost
Aug-03	Atmos Energy Marketing	453.42	1.034	438.51	6.514	2,856.45
Sep-03	Atmos Energy Marketing	382.97	1.034	370.38	6.514	2,412.66
Oct-03	Atmos Energy Marketing	1,129.14	1.034	1,092.01	6.514	7,113.35
Nov-03	Atmos Energy Marketing	1,374.15	1.034	1,328.97	6.514	8,656.91
Dec-03	Atmos Energy Marketing	920.92	1.034	890.64	6.514	5,801.63
Jan-04	Atmos Energy Marketing	2,166.76	1.034	2,095.51	6.514	13,650.15
Feb-04	Atmos Energy Marketing	808.78	1.034	782.19	6.514	5,095.19
Mar-04	Atmos Energy Marketing	1,889.45	1.034	1,827.32	6.514	11,903.16
Apr-04	Atmos Energy Marketing	485.82	1.034	469.85	6.514	3,060.60
May-04	Atmos Energy Marketing	467.30	1.034	451.93	6.514	2,943.87
Jun-04	Atmos Energy Marketing	306.27	1.034	296.20	6.514	1,929.45
Jul-04	Atmos Energy Marketing	173.71	1.034	168.00	6.514	1,094.35
	Totals	10,558.69	1.034	10,211.51	6.348	66,517.78

Line losses are   -1.24% for 12 months ended   7/31/2004 based on purchases of

10,211.5   Mcf   and sales of   10,339   Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6) (to Schedule IA.)	$	$ 66,517.78
Expected Mcf Purchases (4)	Mcf	10,211.51
= Average Expected Cost Per Mcf Purchased	$/Mcf	$ 6.514
Plus: Expected Losses of 12.30% (not to exceed 5%)	(D26/0.95) Mcf	10,883.16
= Total Expected Gas Cost	$	$ 66,517.78

Allowable Sales (maximum losses of 5%). $66,517.78

*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   7/31/2004

Particulars	Unit	Amount
Total supplier refunds received	$	$ -
+ Interest	$	$ -
= Refund Adjustment including interest	$	$ -
+ Sales for 12 months ended 7/31/2004	Mcf	10,339
=Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	$/Mcf	$ -

For the 3 month period ended ____7/31/2004_____

Particulars	Unit	Month 1 May-04	Month 2 Jun-04	Month 3 Jul-04
Total Supply Volumes Purchased	Mcf	451.93	296.20	168.00
Total Cost of Volumes Purchased	$	$ 3,426.61	$ 2,795.00	$ 1,676.25
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	$ 540.90	$ 532.10	$ 526.10
= Unit Cost of Gas	$/Mcf	$ 6.3350	$ 5.2528	$ 3.1862
- EGC in effect for month	$/Mcf	$ 5.6211	$ 5.6211	$ 5.6211
= Difference [(Over-)/Under-Recovery]	$/Mcf	$ 0.7139	$ (0.3683)	$ (2.4349)
x Actual sales during month	Mcf	540.90	532.10	526.10
= Monthly cost difference	$	386.16	(195.99)	(1,281.01)

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	$	$ (1,090.84)
+ Sales for 12 months ended _____7/31/2004	Mcf	10,339
= Actual Adjustment for the Reporting Period (to Schedule IC.)	$/Mcf	$ (0.1055)

For the 3 month period ended   7/31/2004

Line	Particulars	Unit	Amount
(1)	Total cost difference from actual adjustment used to compute AA of the GCR effective four quarters prior to the effective date of		
1	the currently effective GCR.	$	4,477.69 Case No. 2003-00244
2 Less:	Dollars amount resulting from the AA of 0.4815 $/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 10,339		
3	MCF during the 12 month period the AA was in effect.	$	4,978.01
4 Equals:	Balance Adjustment for the AA.	$	(500.32)
(3)	Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective		
5	date of the currently effective GCR.	$	-
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 10,339 MCF		
7	during the 12 month period the RA was in effect.	$	-
8 Equals:	Balance Adjustment for the RA.	$	-
(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		$	-
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 10,339 MCF during the 12 month		
11	period the BA was in effect.	$	-
12 Equals:	Balance Adjustment for the BA.	$	-
13	Total Balance Adjustment Amount (1) + (2) + (3)	$	-500.32
14 Divided By:	Sales for 12 months ended 7/31/2004	$	10,339
15 Equals:	Balance Adjustment for the Reporting Period (to Schedule ID).	$/MCF	(0.0484)

Millennium
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Franklin, KY 42134

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