

Sigma Gas Corporation

P. O. Box 22
Salyersville, Kentucky 41465

RECEIVED
DEC 03 2004
PUBLIC SERVICE
COMMISSION

(606) 349-1505
(606) 886-7075

Estill Branham
Manager

DECEMBER 1, 2004

MS. BETH O'DONNELL
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
P O BOX 615
FRANKFORT, KY 40602

Case 2004-00491

DEAR MS. O'DONNELL:

ENCLOSED IS THE GAS COST RECOVERY FOR JANUARY 2005 THRU
MARCH 2005.

IF YOU HAVE ANY QUESTIONS, PLEASE CALL AT THE ABOVE NUMBER.

SINCERELY,


KIMBERLY CRISP

Digma Gas Coy

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

December 1, 2004

Date Rates to be Effective:

January 1, 2004

Reporting Period is Calendar Quarter Ended:

September 30, 2004

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	9.3610
+ Refund Adjustment (RA)	\$/Mcf	(0.2682)
+ Actual Adjustment (AA)	\$/Mcf	.0131
<u>+ Balance Adjustment (BA)</u>	<u>\$/Mcf</u>	<u>9.1059</u>
= Gas Cost Recovery Rate (GCR)		

GCR to be effective for service rendered from January to March.

<u>Unit</u>	<u>Amount</u>
A. <u>EXPECTED GAS COST CALCULATION</u>	
Total Expected Gas Cost (Schedule II)	\$ 424409
+ Sales for the 12 months ended <u>September 30, 2004</u>	Mcf 45338
<u>= Expected Gas Cost (EGC)</u>	<u>\$/Mcf 9.3610</u>

<u>Unit</u>	<u>Amount</u>
B. <u>REFUND ADJUSTMENT CALCULATION</u>	
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
<u>= Refund Adjustment (RA)</u>	<u>\$/Mcf</u>

<u>Unit</u>	<u>Amount</u>
C. <u>ACTUAL ADJUSTMENT CALCULATION</u>	
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf (0.011)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf (0.108)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf .208
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf (0.3572)
<u>= Actual Adjustment (AA)</u>	<u>\$/Mcf (0.2682)</u>

<u>Unit</u>	<u>Amount</u>
D. <u>BALANCE ADJUSTMENT CALCULATION</u>	
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf (0.015)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf .023
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf (0.0023)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf .0074
<u>= Balance Adjustment (BA)</u>	<u>\$/Mcf .0131</u>

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended <u>Sept 30, 2004</u>					
(1)	(2)	(3)	(4)	(5)**	(6)
Supplier	Dth	Btu Conversion Factor	Mcf	Rate	(4)x(5) Cost
<u>Amvial Road Gas Co</u>			<u>47420</u>	<u>8.95</u>	<u>424409</u>
Totals			<u>47420</u>		<u>424409</u>

Line loss for 12 months ended Sept 30, 2004 is 4.4 % based on purchases of 47420 Mcf and sales of 45338 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	424409
+ Mcf Purchases (4)	Mcf	47420
= Average Expected Cost Per Mcf Purchased	\$/Mcf	8.95
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	47420
= Total Expected Gas Cost (to Schedule IA.)	\$	424409

*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 _____

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

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended September 30, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (July)</u>	<u>Month 2 (Aug)</u>	<u>Month 3 (Sept)</u>
Total Supply Volumes Purchased	Mcf	626	906	747
Total Cost of Volumes Purchased	\$	3491	5327	5621
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	576	861	710
= Unit Cost of Gas	\$/Mcf	5.86	6.19	7.92
- EGC in effect for month	\$/Mcf	6.9806	6.9806	6.9806
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(1.1206)	(.7906)	.9394
x Actual sales during month	Mcf	596	590	657
= Monthly cost difference	\$	(668)	(466)	617

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(517)
÷ Sales for 12 months ended <u>Sept 30, 2004</u>	Mcf	45,338
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.011)

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended Sept 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. Less: Dollar amount resulting from the AA of <u>(.3056)</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>45338</u> Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$	(14535)
(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.	\$	(13855)
(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.	\$	(680)
Total Balance Adjustment Amount (1) + (2) + (3)	\$	(680)
+ Sales for 12 months ended <u>Sept 30, 2004</u>	Mcf	45338
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	(.015)

Sigma Gas Corporation

P. O. Box 22
Salyersville, Kentucky 41465

Estill Branham
Manager

(606) 349-1505
(606) 886-7075

	<u>Base Rate</u>	<u>Gas Cost</u> <u>REC</u>	<u>total</u>
First MCE (Minimum Bill)	6.25	9.1059	15.3559
ALL OVER FIRST MCE	4.5522	9.1059	13.6581

COLUMBIA NATURAL RESOURCES, LLC
900 Pennsylvania Avenue
P. O. Box 6070
Charleston, West Virginia 25362-0070

DATE: **NOVEMBER 29, 2004**
BUS. PERIOD:

CLIENT NO.: 089985-01
CONTRACT NO.: SSE003
INVOICE NUMBER: SSE0030404
VOUCHER NUMBER: 00404579

NAME: Auxier Road Gas Company Inc.
ADDRESS: P.O. Box 785

CITY: Prestonburg, KY 41653
ATTN: Estill Branham

ESTIMATED GAS COST

2005 JANUARY	- \$10.2423 DTH	- VOLUME 15,258 DTH	Conversion Factor
2005 FEBRUARY	\$10.2782 DTH	- VOLUME 11,543 DTH	= 1.229 = \$12.5878 MCF
2005 MARCH	- \$10.0986 DTH	- VOLUME 4,005 DTH	= 1.229 = \$12.6319 MCF
			= 1.229 = \$12.4111 MCF

Average \$12.5436 MCF
Auxier Tran. .20 MCF
Sigma' cost \$12.7436 MCF

837016

Make Check Payable To:

Columbia Natural Resources, Inc.

Please Remit Check To:

P.O. Box 1073
Charleston, WV 25324

Please Return One Copy Of This Invoice With Your Remittance

Constellation NewEnergy - Gas Division

F-still Branham
606 883-2314
606/889-0466

9960 Corporate Campus Dr. Suite 2000, Louisville, KY 40223
Phone: (502) 426-4500 Fax: (502) 426-8600

AUXIER ROAD GAS COMPANY
Estimated Citygate Prices if Bought Monthly

Month	(A) NYMEX 11/24/04	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)/(C+D)	(F) Estimated Consumption Dth <small>(Used 2004 Consumption)</small>	(G) Total Cost Monthly (E*F)
Jan-05	\$8.6390	\$0.6900	0.97435	\$0.2900	\$9.8646	11,841	\$116,806.59
Feb-05	\$8.7090	\$0.6900	0.97435	\$0.2900	\$9.9364	5,157	\$51,242.17
Mar-05	\$8.3590	\$0.6900	0.97435	\$0.2900	\$9.5772	4,598	\$44,036.04
						21,596	\$212,084.81

WACOG = \$9.82 DTH

Conversion Factor 1.229 BTU Factor

\$12.0688 MCF
 .20 MCF

Auxier Tran

Sigma's cost \$12.2688 MCF

EQUITABLE ENERGY LLC

110 Allegheny Center Mall
Pittsburgh, PA 15212-5331

November 24, 2004

Auxier Road Gas Company
Attention: Estill Branham
Post Office Box 785
Prestonburg, KY 41653

Mr. Branham,

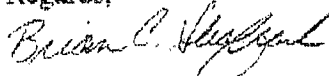
Equitable welcomes the opportunity to continue to fulfill all of your needs regarding natural gas supplies. For the time period of January to March 2004 the price is \$10.62/DTH. This price is for indication purpose only due to constant fluctuation of the NYMEX. Your purchased volumes are as follows:

January	11,105/dth/month	Conversion factor	-\$10.62 DTH
February	8,612/dth/month		<u>1.229</u> BTU Factor
March	6,060/dth/month		\$13.0520 MCF

Any usage above or below these volumes will be charged at current market prices.

If you have any questions, please call me at 412-395-2627. Thank you again.

Regards,

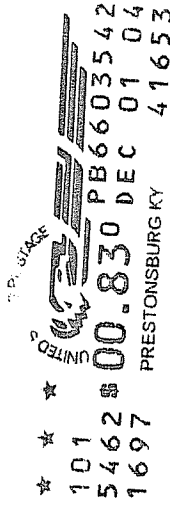


Brian C. Shafranek
Manager of Origination

	\$13.0520 MCF
Auxier tran.	\$ <u>.20</u> MCF
Sigma's cost	\$13.2520 MCF

Sigma Gas Corporation
P. O. Box 22
Salersville, Kentucky 41465

★ ★ 101
★ ★ 5462 \$ 00.830
★ ★ 1697 PRESTONSBURG KY 41653



UNITED STATES
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MS. BETH O'DONNELL
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
PO BOX 615
FRANKFORT, KY 40602

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PUBLIC SERVICE
COMMISSION
DEC 03 2004

RE: GAS COST RECOVERY