

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

December 28, 2004

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED

DEC 28 2004

PUBLIC SERVICE
COMMISSION

RE: Public Gas Company
Case No.
GCR Filing Proposed to Become
Effective February 1, 2005

2004-00524

Dear Ms. O'Donnell:

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective February 1, 2005. Also included are an original and five copies of 31st revised sheet No. 1 of Public's PSC Kentucky No. 1 Tariff, which is being filed pursuant to the Purchased Gas Adjustment provision of that Tariff.

This filing proposes a GCR rate of \$8.4635 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: December 28, 2004

Date Rates to be Effective: February 1, 2005

Reporting Period is Calendar Quarter Ended: April 30, 2005

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	8.2969
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	.1666
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		8.4635
GCR to be effective for service rendered from February 1, 2005		to April 30, 2005
<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	(.0646)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.0115
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0969)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.3166
= Actual Adjustment (AA)	\$/Mcf	.1666
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)		

SCHEDULE II
EXPECTED GAS COST

Actual * MCF Purchases for 12 months ended July 31, 2004

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Gas Purch					
Aug. 03			2,235	8.2969	2,200
Sept. 03			2,845	8.2969	2,819
Oct. 03			6,454	8.2969	6,269
Nov. 03			13,631	8.2969	13,503
Dec. 03			20,708	8.2969	20,293
Jan. 04			28,601	8.2969	28,047
Feb. 04			19,284	8.2969	18,668
Mar. 04			15,317	8.2969	15,156
Apr. 04			9,002	8.2969	8,997
May 04			3,762	8.2969	3,705
June 04			2,199	8.2969	2,151
July 04			3,278	8.2969	3,202
TOTALS			127,316		125,010

Line loss for 12 months ended July 2004 is 1.81% based on purchases of
127,316 Mcf and sales of 125,010 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.

\$8.2969 Per Attached Schedule

Jefferson Gas, LLC

12/28/2004

Expected gas price, February 2005, March 2005, and April 2005

Public Gas has asked for an estimate of their gas price for the months of February and March 2005, and April 2005.

	Gas price* to Public Gas
February	8.27
March	8.24
April	7.93

*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 December 22, 2004.

8 • 2700 +
8 • 2400 +
7 • 9300 +
24 • 4400 *

24 • 4400 ÷
3 • 0000 =
8 • 1467 +

8 • 1467 *

8 • 1467 ÷
0 • 9819 =
8 • 2969 +

8 • 2969 *

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

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended October 31, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (Aug. 04)</u>	<u>Month 2 (Sep. 04)</u>	<u>Month 3 (Oct. 04)</u>
Total Supply Volumes Purchased	Mcf	2,429	2,517	4,608
Total Cost of Volumes Purchased	\$	17,888.33	17,910.97	31,159.30
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	2,371	2,480	4,494
= Unit Cost of Gas	\$/Mcf	7.5446	7.2222	6.9335
- EGC in effect for month	\$/Mcf	8.0289	8.0289	8.0289
= Difference [(over-)/Under-Recovery]	\$/Mcf	(.4843)	(.8067)	(1.0954)
x Actual sales during month	Mcf	2,371	2,480	4,494
= Monthly cost difference	\$	(1,148.28)	(2,000.62)	(4,922.73)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(8,071.63)
÷ Sales for 12 months ended <u>July 31, 2004</u>	Mcf	125,010
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0646)

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. i

31st Revised SHEET NO. i

CANCELLING P.S.C. KY. NO. i

30th Revised SHEET NO. i

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	8.4635	11.7340
All Over	1 Mcf		2.1505	8.4635	10.6140

DATE OF ISSUE December 28, 2004
Month / Date / Year

DATE EFFECTIVE February 1, 2005
Month / Date / Year

ISSUED BY Beth R. Payne
(Signature of Officer)

TITLE Treasurer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____