

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602

RECEIVED

MAR 22 2005

PUBLIC SERVICE
COMMISSION

March 18, 2005

RE: Case No. 2005-000121

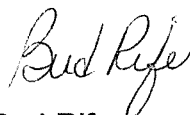
Dear Ms. O'Donnell:

I have enclosed an original and four copies of Johnson County Gas Company's scheduled quarterly Gas Cost Adjustment filing to be effective April 1, 2005. The proposed rates are based on a projected decrease in supplier rates for April, May, and June 2005 combined with a net under-recovery of gas cost for the quarter ended December 31, 2004.

I regret I was not able to file this application for decreased rates earlier. I understand that requesting a waiver of the 30-day notice requirement is not necessary for decreased rates to be effective on April 1st.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Bud Rife

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MAR 23 2005

PUBLIC SERVICE
COMMISSION

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

| Component | \$/Mcf |
|----------------------------------|---------|
| Expected Gas Cost (EGC) | 9.4614 |
| + Refund Adjustment (RA) | 0.0000 |
| + Actual Adjustment (AA) | 0.8832 |
| + <u>Balance Adjustment (BA)</u> | 0.1548 |
| = Gas Cost Recovery Rate (GCR) | 10.4994 |

GCR to be effective for service rendered from

April 1, 2005 to July 1, 2005

| Proposed rates: | Base Rates | + | GCR | = | Retail Rates |
|-----------------|------------|---|-----------|---|--------------|
| RES | \$6.9542 | | \$10.4994 | | \$17.4536 |
| | \$5.9542 | | \$10.4994 | | \$16.4536 |
| COMM | \$6.3042 | | \$10.4994 | | \$16.8036 |

A.

EXPECTED GAS COST CALCULATION

| | | Unit | Amount |
|-----------------------------------|------------------|--------|---------|
| Total Expected Gas Cost (Sch. II) | | \$ | 182,492 |
| / Sales for the 12 months ended | December 1, 2005 | Mcf | 19,288 |
| = Expected Gas Cost (EGC) | | \$/Mcf | 9.4614 |

B.

REFUND ADJUSTMENT CALCULATION

| | \$/Mcf |
|--|--------|
| Supplier Refund Adjustment for the Reporting Period (Sch. III) | 0.0000 |

C.

ACTUAL ADJUSTMENT CALCULATION

| | \$/Mcf |
|--|----------|
| Actual Adjustment for the Reporting Period (Sch. IV) | 0.6068 |
| + Previous Quarter Reported AA | (0.0289) |
| + Second Previous Quarter Reported AA | 0.0583 |
| + Third Previous Quarter Reported AA | 0.2470 |
| = Actual Adjustment (AA) | 0.8832 |

D.

BALANCE ADJUSTMENT CALCULATION

| | \$/Mcf |
|---|----------|
| Balance Adjustment for the Reporting Period | (0.0086) |
| + Previous Quarter Reported AA | (0.0101) |
| + Second Previous Quarter Reported AA | 0.1629 |
| + Third Previous Quarter Reported AA | 0.0106 |
| = Balance Adjustment (BA) | 0.1548 |

SCHEDULE II

EXPECTED GAS COST

| Actual Mcf Purchases for 12 months ended | | | December 31, 2004 | | |
|--|------------|----------------------|-------------------|--------------|------------------------|
| (1) | (2) | (3) Btu Factor | (4) | (5) | (6) (4)x(5) Cost |
| <u>Supplier</u> | <u>Dth</u> | <u>Factor</u> | <u>Mcf</u> | <u>Rate*</u> | <u>Cost</u> |
| Interstate Natural Gas Company | | | 21,365 | \$8.9883 | \$192,036 |
| Total | | | 21,365 | | \$192,036 |

Line loss for 12 month period is 9.72% based on purchases of 21,365 Mcf and sales of 19,288 Mcf.

| | |
|---|-----------|
| Total Expected Cost of Purchases '(6) | \$192,036 |
| /Mcf Purchases (4) | 21,365 |
| = Average Expected Cost Per Mcf of Purchases | \$8.9883 |
| x Allowable Mcf Purchases (must not exceed Sales Mcf/.95) | 20,303 |
| = Total Expected Gas Cost (to Schedule I.A) | \$182,492 |

*Rate is the average of the estimates for April, May, and June prices from Interstate Natural Gas Company, which is attached. \$8.9883 is the average of the 3 months' averages of Columbia Transmission and Kentucky West-transported volumes.

Average cost calculation:

| | April | May | June | Average |
|-----------------------|--------|--------|--------|-----------------|
| Columbia Transmission | \$8.56 | \$8.69 | \$8.79 | \$8.68 |
| Kentucky West | \$9.18 | \$9.31 | \$9.40 | \$9.30 |
| Average | | | | \$8.9883 |

SCHEDULE III

REFUND ADJUSTMENT

For the 3 month period ending December 31, 2004

(Absent any supplier refund, this sheet will not be used.)

SCHEDULE IV

ACTUAL ADJUSTMENT

For the three month period ending December 31, 2004

| | | | | |
|---|--------------------|-------------------|---------------------|-------------------------|
| Total Supply Volumes Purchased | <u>Unit</u> Mcf | <u>Oct</u> 822 | <u>Nov</u> 1,891 | <u>Dec</u> 3,759 |
| Total Cost of Volumes Purchased | \$ | 6,418 | 18,934 | 38,852 |
| Divided by: | | | | |
| Total Sales (may not be less than <u>95% of supply volumes</u>) | Mcf | 781 | 1,796 | 3,571 |
| = Unit Cost of Gas | \$ | 8.2187 | 10.5397 | 10.8797 |
| Minus: | | | | |
| EGC in effect for the month | \$/Mcf | 8.2737 | 8.2737 | 8.2737 |
| = Difference | \$/Mcf | (0.0550) | 2.2660 | 2.6060 |
| <u>x Actual sales during month</u> | Mcf | 616 | 1,486 | 3,212 |
| = Monthly Cost Difference | \$ | (34) | 3,367 | 8,371 |
| Total Cost Difference | | | <u>Unit</u> \$ | <u>Amount</u> 11,704 |
| <u>/ Sales for 12 months ending</u> _____ <u>December 31, 2004</u> | | | Mcf | 19,288 |
| = Actual Cost Adjustment for the Reporting Period | | | \$/Mcf | 0.6068 |

SCHEDULE V

BALANCE ADJUSTMENT

| | | | |
|---|-------------------|-----------------------|---------------------------|
| For the 3 month period ending | December 31, 2004 | | |
| AA in effect from rate filing effective January 1, 2004 | | <u>Unit</u> \$/Mcf | <u>Amount</u> (0.0624) |
| <u>x Sales for 12 months ending</u> | December 31, 2004 | Mcf | 19,288 |
| = Total Amount Collected/(Returned) through AA | | \$ | (1,204) |
| Amount Authorized to be Collected/(Returned) | | \$ | (1,369) |
| Amount Remaining to be Collected/(Returned) | | \$ | (165) |
| Balance Adjustment for the Reporting Period | | \$/Mcf | (0.0086) |

P.S.C.Ky. No. 1

Johnson County Gas Company

OF
Johnson County, Kentucky

Rates, Rules and Regulations For Furnishing Gas

AT

Van Lear, Hager Hill, East Point, and Meally

**Filed With Public Service Commission Of
Kentucky**

Issued March 18, 2004 Effective April 1, 2005

**Issued By Johnson County Gas
Company
By Bud Rife
President / Manager**



Interstate Natural Gas Company
134 Mims Branch
Pikeville, KY 41501
(606) 432-0526
(606) 432-3032 Fax



| | A (C-B) | B | C (A+B) | D | E (C+D) | F | G (E*F) |
|----------------------|-------------|-------------------|----------|----------------------------|-----------------|------------|---------------------|
| April 2005 | NYMEX Price | Appalachian Basin | Subtotal | Columbia Transmission FERC | Total Per MMBTU | BTU Factor | Total Price Per MCF |
| End of Month Posting | \$6.72 | 0.26 | \$6.98 | 0.1533 | \$7.13 | 1.2 | \$8.56 |

| | A (C-B) | B | C (A+B) | D | E (C+D) | F | G (E*F) |
|----------------------|-------------|-------------------|----------|----------------------------|-----------------|------------|---------------------|
| May 2005 | NYMEX Price | Appalachian Basin | Subtotal | Columbia Transmission FERC | Total Per MMBTU | BTU Factor | Total Price Per MCF |
| End of Month Posting | \$6.83 | 0.26 | \$7.09 | 0.1533 | \$7.24 | 1.2 | \$8.69 |

| | A (C-B) | B | C (A+B) | D | E (C+D) | F | G (E*F) |
|----------------------|-------------|-------------------|----------|----------------------------|-----------------|------------|---------------------|
| June 2005 | NYMEX Price | Appalachian Basin | Subtotal | Columbia Transmission FERC | Total Per MMBTU | BTU Factor | Total Price Per MCF |
| End of Month Posting | \$6.91 | 0.26 | \$7.17 | 0.1533 | \$7.32 | 1.2 | \$8.79 |

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Ky Public Service Commission
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