

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

March 30, 2006

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

RECEIVED

APR - 3 2006
PUBLIC SERVICE
COMMISSION

RE: Public Gas Company
Case No. 2006-00139
GCR Filing Proposed to Become
Effective May 1, 2006

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 May 1, 2006. Also included are an original and five copies of 37th 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 \$8.1589 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: March 31, 2006

Date Rates to be Effective: May 1, 2006

Reporting Period is Calendar Quarter Ended: July 31, 2006

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	9.0838
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.9249)
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		8.1589

GCR to be effective for service rendered from May 1, 2006 to July 31, 2006

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	(.8808)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	.0977
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0469)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0949)
=	Actual Adjustment (AA)	\$/Mcf	(.9249)
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 October 31, 2005

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Gas Purchase			Mcfs	Rate	Sales Mcf
11/30/04			10,151	9.0838	9,893
12/31/04			22,205	9.0838	21,704
01/31/05			20,182	9.0838	19,763
02/28/05			20,377	9.0838	19,751
03/31/05			21,172	9.0838	20,576
04/30/05			6,713	9.0838	6,611
05/31/05			5,475	9.0838	5,295
06/30/05			2,524	9.0838	2,453
07/31/05			1,783	9.0838	1,761
08/31/05			1,767	9.0838	1,717
09/30/05			1,898	9.0838	1,870
10/31/05			4,503	9.0838	4,409

Line loss for 12 months ended October 31, 2005 is 118,750 2.5% based on purchases of 115,803 Mcf and sales of 115,803 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.

\$9.0838 Per Attached Schedule

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

Jefferson Gas, LLC

03/30/06

Expected gas price, May, June and July 2006

Public Gas has asked for an estimate of their gas price for the months of May, June and July 2006.

	Gas price* to Public Gas
May	8.71
June	8.86
July	9.00

*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 March 30, 2006.

8.7100	+
8.8600	+
9.0000	+
26.5700	*
26.5700	÷
3.0000	=
8.8567	+
8.8567	*
8.8567	÷
0.9750	=
9.0838	+
9.0838	*

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended		January 31, 2006		
<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (Nov 05)</u>	<u>Month 2 (Dec 05)</u>	<u>Month 3 (Jan 06)</u>
Total Supply Volumes Purchased	Mcf	12,133	22,334	16,644
Total Cost of Volumes Purchased	\$	149,721.22	258,404.38	183,583.32
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	11,860	21,848	16,360
= Unit Cost of Gas	\$/Mcf	12.6240	11.8274	11.2215
- EGC in effect for month	\$/Mcf	13.8553	13.8553	13.8553
= Difference [(over-)/Under-Recovery]	\$/Mcf	(1.2313)	(2.0279)	(2.6338)
x Actual sales during month	Mcf	11,860	21,848	16,360
= Monthly cost difference	\$	(14,603.22)	(44,305.56)	(43,088.92)
Total cost difference (Month 1 + Month 2 + Month 3)			<u>Unit</u>	<u>Amount</u>
÷ Sales for 12 months ended October 31, 2005			\$	(101,997.70)
Actual Adjustment for the Reporting Period (to Schedule IC.)			Mcf	115,803
			\$/Mcf	(.8808)

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. 1

37th Revised SHEET NO. 1

CANCELLING P.S.C. KY. NO. 1

36th Revised SHEET NO. 1

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	8.1589	11.4294
All Over	1 Mcf		2.1505	8.1589	10.3094

DATE OF ISSUE March 31, 2006
Month / Date / Year

DATE EFFECTIVE May 1, 2006
Month / Date / Year

ISSUED BY Bert R. Layne
(Signature of Officer)

TITLE Treasurer

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