

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

**RECEIVED**

**SEP 29 2006**

**PUBLIC SERVICE  
COMMISSION**

September 28, 2006

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

RE: Public Gas Company  
Case No. *2006-00430*  
GCR Filing Proposed to Become  
Effective November 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 November 1, 2006. Also included are an original and five copies of 39th 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 \$7.8812 per MCF of sales.

Sincerely,



Bert R. Layne

**Public Gas Company**

Quarterly Report of Gas Cost  
Recovery Rate Calculation

Date Filed: September 28, 2006

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Date Rates to be Effective: November 1, 2006

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Reporting Period is Calendar Quarter Ended: January 31, 2007

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SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	8.91
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(1.0288)
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		<u>7.8812</u>

GCR to be effective for service rendered from November 1, 2006 to January 31, 2007

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	(.0398)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	(.2059)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.8808)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.0977
=	Actual Adjustment (AA)	\$/Mcf	<u>(1.0288)</u>
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 April 30, 2006

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Gas Purchases			Mcfs	Rate	Sales Mcfs
05/31/05			5,475	8.9100	5,295
06/30/05			2,524	8.9100	2,453
07/31/05			1,783	8.9100	1,761
08/31/05			1,767	8.9100	1,717
09/30/05			1,898	8.9100	1,870
10/31/05			4,503	8.9100	4,409
11/30/05			12,133	8.9100	11,860
12/31/05			22,334	8.9100	21,848
01/31/06			16,644	8.9100	16,360
02/28/06			20,727	8.9100	20,297
03/31/06			13,442	8.9100	13,179
04/30/06			5,127	8.9100	4,985
			108,357		106,034

Line loss for 12 months ended April 30, 2006 is 2.14% based on purchases of 108,357 Mcf and sales of 106,034 Mcf.

	<u>Unit</u>	<u>Amount</u>
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.

**\$8.91 Per Attached Schedule**

Jefferson Gas, LLC

09/28/06

Expected gas price, November and December 2006, and January 2007.

Public Gas has asked for an estimate of their gas price for the months of November and December 2006, and January 2007.

	Gas price* to Public Gas
November	7.75
December	8.99
January	9.42

\*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 September 19, 2006.

7.750 +  
8.990 +  
9.420 +  
26.160 \*  
  
26.160 ÷  
3.000 =  
8.720 +  
  
8.720 \*  
  
8.720 ÷  
0.9786 =  
8.910 +  
  
8.910 \*

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	

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended April 30, 2006

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 ( May 06)</u>	<u>Month 2 (Jun 06)</u>	<u>Month 3 (Jul 06)</u>
Total Supply Volumes Purchased	Mcf	3,902	2,211	1,504
Total Cost of Volumes Purchased	\$	34,298.58	17,201.58	11,776.32
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	3,793	2,158	1,480
= Unit Cost of Gas	\$/Mcf	9.0426	7.9711	7.9570
- EGC in effect for month	\$/Mcf	9.0838	9.0838	9.0838
= Difference [(over-)/Under-Recovery]	\$/Mcf	(.0412)	(1.1127)	(1.1268)
x Actual sales during month	Mcf	3,793	2,158	1,480
= Monthly cost difference	\$	(156.27)	(2,401.21)	(1,667.66)
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	(4,225.14)
÷ Sales for 12 months ended <u>April 30, 2006</u>			Mcf	106,034
<u>Actual Adjustment for the Reporting Period (to Schedule IC.)</u>			\$/Mcf	(.0398)

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 <b>Less:</b> 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. <b>Equals:</b> 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. <b>Less:</b> 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. <b>Equals:</b> 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 <b>Less:</b> 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. <b>Equals:</b> 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  
1  
P.S.C. KY. NO. \_\_\_\_\_  
39th Revised SHEET NO. 1  
1  
CANCELLING P.S.C. KY. NO. \_\_\_\_\_  
38th Revised SHEET NO. 1  
1

Public Gas Company  
\_\_\_\_\_  
(Name of Utility)

RATES AND CHARGES

Applies to: All Customers

Rate, Monthly:

			Base Rate	Gas Cost	Rate per Unit (Mcf)
First	0 to 1 Mcf	Minimum Bill	3.2705	7.8812	11.1517
All Over	1 Mcf		2.1505	7.8812	10.0317

DATE OF ISSUE September 28, 2006  
Month / Date / Year  
DATE EFFECTIVE November 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 \_\_\_\_\_

PUBLIC GAS C  
P. O. BOX 2403  
LEXINGTON, ky 40524-4032



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RECEIVED  
SEP 29 2006  
PUBLIC SERVICE  
COMMISSION

RETURN RECEIPT  
REQUESTED

FIRST CLASS



Ms. Beth O'Donnell, Executive Dir.  
Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40602

RETURN RECEIPT  
REQUESTED

