



STOLL · KEENON · OGDEN

PLLC

2000 PNC Plaza
500 West Jefferson
Louisville, KY 40202
(502) 333-6000
Fax: (502) 333-6099
www.skofirm.com

W. DUNCAN CROSBY III
(502) 568-4263
duncan.crosby@skofirm.com

February 16, 2007

Elizabeth O'Donnell
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

FEB 16 2007

PUBLIC SERVICE
COMMISSION

RE: Case No. ~~2006-00165~~ 2007-00078

Dear Ms. Donnell:

Enclosed are an original and four copies of Johnson County Gas Company's ("Johnson County's") quarterly Gas Cost Adjustment (GCA) filing to be effective April 1, 2006. The proposed rates are based on a projected supplier rate for April, May, and June 2007, combined with net over-recovery of gas costs for prior periods.

The last GCA filing that was submitted by Johnson County was on September 23, 2005. Consequently, the Expected Gas Cost (EGC), Actual Adjustment (AA) and Balance Adjustment (BA) components of the Gas Cost Recovery Rate (GCR) have remained unchanged since the implementation of the current GCR in October 2005. With this filing, the Actual Adjustment has been calculated by comparing (i) the amount collected through the application of the GCR to sales for the 15 month period ended December 31, 2006, to (ii) the actual purchased gas costs for the 15 month period ended July 31, 2006. All of the quarterly Actual Adjustments have been in effect for more than 12 months and will be terminated. The Balance Adjustment (BA) will therefore be determined by calculating over/under recoveries on all four of the quarterly Actual Adjustments included in the current GCR.

Please indicate receipt of this filing by placing your file-stamp on the extra copy of this letter and returning to me via our runner.

Very truly yours,

STOLL KEENON OGDEN PLLC

W. Duncan Crosby, III

Enc.

LOU 108238/124173/464212.1

Case No. 2007-00078

Johnson County Gas Company

**QUARTERLY REPORT OF GAS COST RECOVERY
RATE CALCULATION**

RECEIVED

FEB 16 2007

**PUBLIC SERVICE
COMMISSION**

Date Filed:

February 16, 2007

Date Rates to be Effective:

April 1, 2007

Reporting Period is the 15 Month Period Ended:

December 31, 2006

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

Component	\$/Mcf
Expected Gas Cost (EGC)	7.6705
+ Refund Adjustment (RA)	0.0000
+ Actual Adjustment (AA)	(2.9614)
+ <u>Balance Adjustment (BA)</u>	(0.0570)
= Gas Cost Recovery Rate (GCR)	4.6521

GCR to be effective for service rendered from		April 1, 2007 to June 30, 2007	
Proposed rates:	Base Rates +	GCR	= Retail Rates
	\$6.9542	\$4.6521	\$11.6063
	\$5.9542	\$4.6521	\$10.6063

A.

EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch. II)	\$	113,217
/ Sales for the 12 months ended	Mcf	14,760
= Expected Gas Cost (EGC)	\$/Mcf	7.6705

B.

REFUND ADJUSTMENT CALCULATION

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

C.

ACTUAL ADJUSTMENT CALCULATION

Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf
	(2.9614)
+ Previous Quarter Reported AA	0.0000
+ Second Previous Quarter Reported AA	0.0000
+ Third Previous Quarter Reported AA	0.0000
= Actual Adjustment (AA)	(2.9614)

D.

BALANCE ADJUSTMENT CALCULATION

Balance Adjustment for the Reporting Period	\$/Mcf
	(0.0570)
+ Previous Quarter Reported AA	0.0000
+ Second Previous Quarter Reported AA	0.0000
+ Third Previous Quarter Reported AA	0.0000
= Balance Adjustment (BA)	(0.0570)

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended			December 31, 2006		
(1)	(2)	(3)	(4)	(5)	(6)
<u>Supplier</u>	<u>Dth</u>	Btu <u>Factor</u>	<u>Mcf</u>	<u>Rate*</u>	(4)x(5) <u>Cost</u>
Bradco Oil Company and Other Suppliers			19,100	\$7.2870	\$139,181
Total			19,100		\$139,181

Line loss for 12 month period is 22.72% based on purchases of 19,100 Mcf and sales of 14,760 Mcf.

Total Expected Cost of Purchases '(6)	\$139,181
/Mcf Purchases (4)	19,100
= Average Expected Cost Per Mcf of Purchases	\$7.2870
x Allowable Mcf Purchases (must not exceed Sales Mcf/.95)	15,537
= Total Expected Gas Cost (to Schedule I.A)	\$113,217

*Rate is the average of the estimates for April 2007, May 2007, and June 2007

Bradco Oil Company	3,000	\$ 7.0000	\$ 21,000
Atmos Energy Marketing or Other Supplier	3,533	7.5307	26,606
Total	6,533	<u>\$ 7.2870</u>	<u>\$ 47,606</u>

Note: Atmos is based on average NYMEX futures price for period.

SCHEDULE III

REFUND ADJUSTMENT

For the 3 month period ending

July 31, 2006

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

SCHEDULE IV
ACTUAL ADJUSTMENT

	December 31, 2006												Total				
	2005 Oct	2005 Nov	2005 Dec	2006 Jan	2006 Feb	2006 Mar	2006 Apr	2006 May	2006 Jun	2006 Jul	2006 Aug	2006 Sep		2006 Oct	2006 Nov	2006 Dec	
Total Supply Volumes Purchased	808	1,911	1,619	3,003	3,154	2,347	1,014	687	462	348	154	198	1,422	2,350	3,961	23,438	
Total Cost of Volumes Purchased	\$ 14,282	\$ 34,884	\$ 24,372	\$ 44,382	\$ 34,890	\$ 22,338	\$ 9,837	\$ 6,878	\$ 3,700	\$ 2,694	\$ 1,202	\$ 1,543	\$ 7,794	\$ 20,202	\$ 33,993	\$ 262,601	
Divided by:																	
Total Sales (may not be less than 95% of supply volumes)	768	1,815	1,816	3,029	2,998	2,230	963	653	484	331	154	188	1,351	2,233	3,783	22,783	
= Unit Cost of Gas	\$ 18.6063	\$ 19.1051	\$ 13.4207	\$ 14.6556	\$ 11.6444	\$ 10.0186	\$ 10.2117	\$ 10.2322	\$ 7.6440	\$ 8.1499	\$ 7.8073	\$ 7.7909	\$ 5.7692	\$ 9.0490	\$ 9.0337	\$ 9.0337	
Minus:																	
EGC in effect for the month	13.7263	13.7263	13.7263	13.7263	13.7263	13.7263	13.7263	13.7263	13.7263	13.7263	13.7263	13.7263	13.7263	13.7263	13.7263	13.7263	
= Difference	4.8800	5.3788	(0.3056)	0.9283	(2.0819)	(3.7077)	(3.5146)	(3.4941)	(6.0823)	(5.5764)	(5.9190)	(5.9354)	(7.9571)	(4.6773)	(4.6926)	(4.6926)	
x Actual sales during month	186	553	1,816	3,029	2,431	1,982	661	627	484	166	154	188	1,037	1,751	2,260	17,315	
= Monthly Cost Difference	\$ 908	\$ 2,875	\$ (555)	\$ 2,815	\$ (5,061)	\$ (7,274)	\$ (2,323)	\$ (2,191)	\$ (2,944)	\$ (926)	\$ (912)	\$ (1,175)	\$ (8,251)	\$ (8,180)	\$ (10,605)	\$ (43,710)	
Total Cost Difference																Unit	Amount
																\$	(43,710)
																Mcf	14,760
																\$/Mcf	(2,9614)

Total Cost Difference / Sales for 12 months ending December 31, 2006

= Actual Cost Adjustment for the Reporting Period

JOHNSON COUNTY GAS COMPANY

Purchases and Sales
15 Months Ended December 2006

SCHEDULE IV
SUPPORT FOR ACTUAL ADJUSTMENT

	2005 OCT.	2005 NOV.	2005 DEC.	2006 JAN.	2006 FEB.	2006 MAR.	2006 APR.	2006 MAY.	2006 JUN.	2006 JUL.	2006 AUG.	2006 SEP.	2006 OCT.	2006 NOV.	2006 DEC.	Total 15-Months	Total 12-Months
Columbia (or Ames in Oct. - Dec 2006)																	
MCF	813	1,386	656	2,289	2,374	1,737	808	556	331	305	724	153	1,422	2,350	3,647	18,761	16,106
\$	\$11,248.55	\$24,656.94	\$9,407.04	\$33,282.06	\$25,639.20	\$16,067.25	\$7,676.00	\$5,320.90	\$2,655.25	\$2,327.15	\$946.12	\$7,243.69	\$7,703.66	\$20,201.79	\$31,795.39	\$200,170.93	\$154,658.40
\$/MCF	\$16.35	\$17.79	\$14.34	\$14.54	\$10.80	\$9.25	\$9.50	\$9.57	\$7.75	\$7.65	\$7.63	\$7.83	\$5.48	\$8.60	\$8.72	\$10.67	\$9.61
KY West Virginia (or Bradco in December 2006)																	
MCF	195	525	863	714	780	610	206	131	131	43	30	56	314	314	314	4,677	2,904
\$	\$3,033.62	\$10,027.50	\$14,965.02	\$11,109.64	\$9,250.80	\$6,270.80	\$2,160.94	\$1,357.16	\$1,134.46	\$967.22	\$256.20	\$208.90	\$2,198.00	\$2,198.00	\$2,198.00	\$62,430.46	\$34,404.32
\$/MCF	\$15.56	\$19.10	\$15.54	\$15.56	\$11.86	\$10.28	\$10.49	\$10.36	\$8.66	\$8.54	\$8.54	\$8.54	\$7.00	\$7.00	\$7.00	\$13.35	\$11.49
Total Purchases																	
MCF	808	1,911	1,619	3,003	3,154	2,347	1,014	687	462	348	154	198	1,422	2,350	3,961	23,438	19,100
\$	\$ 14,282	\$ 34,694	\$ 24,372	\$ 44,392	\$ 34,880	\$ 22,338	\$ 9,837	\$ 6,678	\$ 3,700	\$ 2,694	\$ 1,202	\$ 1,543	\$ 7,794	\$ 20,202	\$ 33,993	\$262,601.39	\$ 180,263
\$/MCF	\$17.66	\$18.15	\$15.05	\$14.78	\$11.06	\$9.52	\$9.70	\$9.72	\$8.01	\$7.74	\$7.81	\$7.79	\$5.48	\$8.60	\$8.58	\$11.20	\$9.61
Sales																	
MCF	186	553	1,616	3,029	2,431	1,962	661	627	484	168	154	198	1,037	1,751	2,280	17,315	14,760
\$ of Purchases per MCF of Sales	\$76.70	\$62.72	\$13.42	\$14.66	\$14.35	\$11.39	\$14.38	\$10.65	\$7.64	\$16.23	\$7.81	\$7.79	\$7.52	\$11.54	\$15.04	\$15.17	\$12.92

SCHEDULE V

BALANCE ADJUSTMENT

Effective Date of AA		1-Oct-05	1-Jul-05	1-Apr-05	1-Jan-05	
AA in effect	<u>Unit</u> \$/Mcf	<u>Amount</u> (0.0062)	<u>Amount</u> (0.6912)	<u>Amount</u> 0.6068	<u>Amount</u> (0.0289)	<u>Total</u>
<u>x Sales applicable to AA</u>	Mcf	17,315	17,935	21,385	29,977	
= Total Amount Collected/(Returned) through AA	\$	(107)	(12,397)	12,976	(866)	(394)
Amount Authorized to be Collected/(Returned)	\$	(102)	(12,288)	11,704	(549)	(1,235)
Amount Remaining to be Collected/(Returned)	\$	5	109	(1,272)	317	(841)
MCF Sales for the 12 Months Ended December 31, 2006						14,760
Balance Adjustment for the Reporting Period	\$/Mcf					<u>(0.0570)</u>

SCHEDULE V
Support for Balance Adjustment

	Actual Adjustment	AA Amount	Months in Effect	MCF	2005 Jan	2005 Feb	2005 Mar	2005 Apr	2005 May	2005 Jun	2005 Jul	2005 Aug	2005 Sep	2005 Oct	2005 Nov	2005 Dec
Sales (MCF)					2,856	2,861	2,875	1,659	1,189	602	269	199	152	186	553	1,816
Actual Adjustment Applicable 12 Months Beginning																
1-Oct-05	(0.0062)	\$ (102)	15	17,315										\$ (1)	\$ (3)	\$ (11)
1-Jul-05	(0.6912)	(12,298)	18	17,935										(105)	(382)	(1,255)
1-Apr-05	0.5068	11,704	21	21,365										163	336	1,102
1-Jan-05	(0.0289)	(549)	24	29,977										(8)	(16)	(52)
Total					(83)	(83)	(83)	(48)	(34)	(17)	(8)	(6)	(4)	(5)	(16)	(52)

